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Startup Business: Entrepreneurial Motivation, Capabilities, and Challenges

Leslie P. Dacayo[1], Ma. Teresa B. Ballados[2]*
[1]Victorias National High School, Victorias City, Negros Occidental, Philippines
[2]Business Management and Accountancy, Carlos Hilado Memorial State University, Bacolod City, Philippines

*Corresponding Author Email: teresa.ballados@chmsu.edu.ph

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Abstract. The research problem focuses on the challenges startups encounter in achieving long-term sustainability and success, including financial constraints, inadequate business models, and insufficient management skills. This study investigates the entrepreneurial motivation, capabilities, and challenges that startup owners face. Data were collected from 80 participants using purposive and quota sampling methods, with a descriptive-correlational design applied for analysis. Findings reveal that startup owners exhibit high motivation levels, primarily driven by intrinsic factors such as independence, personal fulfillment, and the desire for increased income. High school graduates display stronger push motivations due to external pressures than those with higher education, leading to lower overall motivation across all demographic groups. Financial security and professional recognition were identified as primary motivators, with intrinsic factors consistently outweighing external pressures. Startup owners demonstrated high entrepreneurial capabilities in innovation, opportunity recognition, strategy development, and networking, particularly in fostering a creative work environment. Despite challenges being considered minimal, whether this reflects a comprehensive assessment of potential obstacles is uncertain. The analysis also indicated significant differences in entrepreneurial competencies based on business size and industry type, emphasizing the need for tailored support strategies. Overall, this study enhances understanding of the entrepreneurial environment by highlighting the importance of positive motivation and strong entrepreneurial capabilities as key drivers of startup success. The findings suggest practical implications for developing targeted support programs that enhance entrepreneurs' motivation and capabilities, aiding their long-term sustainability.

Keywords: Entrepreneurial capabilities; Entrepreneurial motivation; Startup business; Philippines.

1.0 Introduction

The startups thrive in emerging economies because their primary goal is to alleviate poverty and create sustainable wealth by addressing the unique challenges of these economies (Sopjani, 2019). This aligns with the broader objective of fostering economic development through innovative solutions. However, the success of startups often hinges on practical management skills, which play a crucial role in navigating the complexities of entrepreneurship (Díaz-Santamaría & Bulchand-Gidumal, 2021, cited in Sevilla-Bernardo et al., 2022). The startup ecosystem has experienced rapid growth in the Philippines due to sustained momentum over recent years. The government's initiatives, such as the Innovative Startup Act of 2018, have significantly contributed to this expansion by providing robust support for entrepreneurs (PhiDev Foundation, 2022). Nevertheless, achieving a thriving startup ecosystem requires collective efforts from various stakeholders to establish the country as a "startup destination." Martínez-Canas et al. (2020) emphasize that both logical and motivational factors influence

entrepreneurial intention. Logical decisions involve adapting to environmental rewards or penalties, while motivational antecedents—such as self-realization, autonomy, and personal satisfaction—serve as internal drivers for entrepreneurial ambition. These pull factors enhance opportunity recognition and reduce risk perception, whereas push factors may deter entrepreneurial intention by amplifying perceived risks and challenges.

Entrepreneurial education has increasingly emphasized preparing individuals for employment; however, it often neglects the practical skills for launching and sustaining successful businesses. This disconnect reveals a pressing need for educational interventions tailored specifically to address startups' unique challenges, particularly in merchandising and services (Rauh-Bieri, 2016). In the Philippines, despite a comprehensive array of policies and initiatives aimed at bolstering micro, small, and medium enterprises (MSMEs), enduring challenges still hinder development. Victoria and Raquiza (2021) highlight persistent issues, including low productivity, limited growth potential, and unstable operational conditions. A critical shortcoming is the inadequate access to public financing and overall support for MSME development programs, which significantly impairs entrepreneurs' ability to launch and grow their businesses.

Addressing these deficiencies is crucial for fostering a resilient startup ecosystem and enabling emerging economies to navigate recurring challenges while maintaining sustainable growth. Prioritizing targeted support and resources can better equip entrepreneurs to thrive in an increasingly competitive landscape. Given these considerations, two research gaps emerge that warrant further exploration. First, there is a need for a deeper understanding of the specific skills and knowledge that would effectively prepare entrepreneurs in the merchandising and services sectors. Second, an exploration of the motivations and capabilities of entrepreneurs within the specific context of Filipino merchandising and service startups remains under-researched. These gaps provide a compelling rationale for studying entrepreneurial motivation, capabilities, and challenges within the context of merchandising and service startups operating in one of the localities in the Philippines. Addressing these gaps could inform policy interventions, improve training programs, and enhance the entrepreneurial environment.

2.0 Methodology

2.1 Research Design

The use of descriptive research design for this study was pivotal in effectively exploring and articulating startup businesses' entrepreneurial motivations and competencies. Descriptive research is particularly beneficial in providing a structured framework for collecting and presenting data, allowing for a comprehensive understanding of startup businesses' motivations, competencies, and challenges. One primary reason for utilizing a descriptive design is its ability to facilitate a detailed examination of entrepreneurial motivations through both push and pull factors. The study could systematically categorize and analyze these motivations by employing a descriptive research design, giving clearer insights into how they affect entrepreneurial decisions and actions. Moreover, the design enables the assessment of entrepreneurial competencies, particularly focusing on capabilities such as innovation, strategic planning, and network development. Descriptive research helps to paint a broad picture of how these competencies manifest among startup owners, offering a baseline for understanding entrepreneurial effectiveness. Through analyzing these competencies, stakeholders can identify key areas where entrepreneurs excel or require additional support, thereby enhancing the development of future initiatives to foster entrepreneurship. Additionally, descriptive methods make the classification of challenges, both internal and external, that startup owners encounter more accessible. By categorizing these challenges, the research can highlight specific barriers entrepreneurs face, informing policymakers, educators, and support organizations in developing targeted interventions.

2.2 Research Participants

The participants in this study consisted of startup business owners from selected 50 service and 30 merchandising enterprises in Victorias City, Negros Occidental, Philippines. These individuals were chosen based on established criteria to identify relevant businesses aligning with the study's focus. Each business owner comprehensively understands the motivations, competencies, and challenges their business faces. Data analysis from the Business Permits and Licenses Office (BPLO) of Victorias City reveals insightful trends regarding the local business landscape. The available data, which captures the annual count of registered businesses without detailing specific new entries, necessitated using purposive and quota sampling methods to attain a representative snapshot. The

findings indicate that service-based businesses dominate the entrepreneurial scene, followed closely by merchandising enterprises. The criteria set to choose them include startups that have been operational for a minimum of six months to three years, which allows for an in-depth understanding of a crucial phase in business development. During this period, these enterprises typically solidify their market presence, navigate early-stage challenges, and strategize for sustainable growth.

2.3 Research Instrument

The adapted questionnaires underwent a comprehensive validation process to ensure their effectiveness in measuring the constructs pertinent to the study. The foundations of the entrepreneurial motivation scale were drawn from the work of Gódány et al. (2021), while the innovation capabilities measurement was adapted from Pranowo et al. (2020). Further, the capability to seize opportunities was based on the insights of Oluigbo-Moses and Nwankwo (2023), and strategic capabilities were adapted from the research of Idolor et al. (2021). Network capabilities were modeled after the findings of Cenamor et al. (2019), and lastly, the challenges faced by entrepreneurs were adapted from the framework established by Hefer et al. (2015). Each of these adaptations was thoughtfully revised to align with the specific objectives of our research, ensuring relevance and applicability. A panel of ten experts in business management, human resources, and research was recruited to evaluate the enhanced research instruments. Using the Lawshe validation method, the validators assessed each item in the questionnaire. This systematic approach classified items as "essential," "useful but not essential," or "not necessary," allowing for a focused refining of the instrument. The rigorous evaluation eliminated several questions, with only those meeting a Content Validity Ratio (CVR) threshold of 0.78 being retained for further analysis.

Initially comprising 56 questions, the final version of the questionnaire consisted of 44 validated items, after removing 12 questions deemed less relevant. This revision reflects a careful curation of content that ensures the instrument effectively captures the intended constructs. The overall CVR for the research tool was established at 0.78, demonstrating acceptable validity. Notably, the CVR for the individual components varied, with entrepreneurial motivation presenting a CVR of 0.71, entrepreneurial capabilities achieving 0.85, and the challenges encountered receiving a robust CVR of 0.92. These findings indicate that while the entrepreneurial motivation scale may need further refinement, the innovation capabilities and the challenges encountered components are well-established in relevance and rigor. This validation process enhances the credibility of the research instrument and reinforces the reliability of the data gathered in subsequent phases of the study. The reliability test was conducted on 30 startup business owners, not from the local area, providing a broader perspective on the instrument's reliability. The findings indicate that the questionnaire used to measure entrepreneurial motivation has a Cronbach's Alpha of 0.718, entrepreneurial capabilities with a Cronbach's Alpha of 0.941, and challenges faced by entrepreneurs yielded a reliability score of 0.930. This highlights the questionnaires' reliability because they are all within the reliability index of .70 to 1.00.

2.4 Data Gathering Procedure

After obtaining approval, the researcher distributed the survey instruments manually. An informed consent form was signed to confirm the confidential information gathered from the respondents. The instruments were distributed purposely to startup business owners with at least six months up to three years of operation, with a target sampling of thirty (30) merchandising business owners and fifty (50) service business owners based on the number of registered businesses in the Business Permits and Licensing Office (BPLO) of Victorias City. Collecting data straight from business owners proved to be one of the study's biggest challenges, as it involved earning their trust, aligning with their limited availability, and motivating them to participate amidst their demanding schedules. Reaching the targeted sample responses took nearly six months to complete. The researcher followed the recommended protocol to conduct the procedure within ethical boundaries. The collected data was entered into Excel and then used in statistical software.

2.5 Ethical Considerations

This research, categorized as a social science investigation, examined startup businesses' motivations, capabilities, and challenges. It did not involve sensitive personal data, medical procedures, or vulnerable groups, following methodologies that ensure minimal participant risk. Ethical standards such as voluntary participation, anonymity, and confidentiality were strictly maintained, guaranteeing no identifiable information regarding employees or the

organization was revealed. The research methodology focused on enterprise analysis through surveys while employing non-invasive social science approaches that do not necessitate Institutional Review Board (IRB) approval. Ethical protections were ensured through informed consent and compliance with institutional regulations for collecting workplace data. The researcher observed all the ethical standards and practices in conducting this study. Data gathering was purely voluntary, and no one was forced to participate. The study's objective was communicated through a cover letter and signing the Informed Consent Form before proceeding to the survey correctly. Non-disclosure and anonymity of the participants' names and information were highly prioritized. Data gathered will be used for research as stated in the consent form. Electronic data stored in computers, disks, or cloud files will be deleted to ensure it cannot be recovered. Paper records will be destroyed in a manner that leaves no possibility for information reconstruction. Proper disposal methods for paper records will include burning, shredding, cross-shredding, pulping, and pulverizing. The records will be disposed of within a year after publication.

3.0 Results and Discussion

3.1 Entrepreneurial Motivation

In terms of Pull Factors

Table 1 presents a comprehensive analysis of the entrepreneurial motivation levels among startup business owners, focusing specifically on pull factors. The findings indicate a notably high motivation for launching businesses, with a mean score of 3.66 (SD=0.50). This suggests that many business owners possess a strong drive to become entrepreneurs. Each motivational item received high ratings, but their nuanced distinctions offer deeper insights into the factors influencing entrepreneurial decisions.

Table 1. *Level of Entrepreneurial Motivation in terms of Pull Factors*

	Pull Factors	M	Interpretation	SD
	Overall	**3.66**	**Very High**	**0.50**
1	Be my own boss.	3.60	Very High	0.67
2	Attain financial independence.	3.65	Very High	0.62
3	Achieve something for myself.	3.64	Very High	0.60
4	To have better control of my own time, work, and decisions.	3.65	Very High	0.60
5	Develop myself professionally.	3.68	Very High	0.52
6	Have personal development.	3.65	Very High	0.51
7	Earn more income.	3.74	Very High	0.44

Note: 3.50 – 4.00 (Very High); 2.50 – 3.49 (High); 1.50 – 2.49 (Low); 1.00 – 1.49 (Very Low)

The item "Be my own boss" received the lowest mean score at 3.60 (SD=0.67), indicating variability in how important autonomy is perceived among entrepreneurs. In contrast, "Earn more income" achieved the highest mean score of 3.74 (SD=0.44), highlighting income generation as a primary motivator. The lower standard deviation for income-related motivation reflects a strong consensus among respondents, indicating that financial gain is a pivotal driver for most startup business owners. This contrast may suggest that, while independence is an attractive quality for some, the pressing need for financial rewards supersedes the desire for autonomy in many cases.

Further supporting these findings, Ismail's (2022) study on entrepreneurial motivations in Tanzania underscores the centrality of financial rewards in motivating new entrepreneurs, particularly within developing economies. Ismail notes that dissatisfaction with fixed salaries often propels individuals toward entrepreneurship to achieve higher income. Similarly, Kothari and Roldan (2022) provide evidence that, in emerging markets, many entrepreneurs are motivated primarily to enhance their financial situation and attain economic stability. This aligns closely with the current findings, reinforcing that economic factors drive entrepreneurial intentions. Karan et al. (2023) also contribute to this narrative by demonstrating that entrepreneurs motivated by financial gain tend to experience greater revenue growth than those influenced by other factors. Their research indicates that while intrinsic motivations—such as personal challenge and enjoyment—play a role in entrepreneurial intentions, extrinsic motivations, particularly financial rewards, exert a more substantial influence overall. This assertion is further nuanced by Ridwan et al. (2024), who propose a model illustrating the mediating effect of self-efficacy on the relationship between financial motivations and digital entrepreneurial intentions. Their findings suggest that financial incentives often precede personal autonomy or the aspiration to be one's boss, reinforcing the dominance of economic motivations in entrepreneurial pursuits.

In terms of Push Factors

Table 2 presents the level of entrepreneurial motivation among startup business owners, specifically focusing on various push factors. The findings indicate that the overall motivation for starting a business related to these push factors is relatively low (M=2.12, SD=0.76). This suggests that the business owners surveyed exhibit minimal external pressure or compelling reasons driving them toward entrepreneurship.

Table 2. *Level of Entrepreneurial Motivation in terms of Pull Factors*

	Push Factors	M	Interpretation	SD
	Overall	**2.12**	**Low**	**0.76**
1	Felt discontented and unhappy with my previous job.	2.23	Low	1.00
2	Had no other way of earning income.	2.30	Low	0.99
3	Had no job security at my previous employment.	2.13	Low	1.04
4	Inherited the business from family member.	1.81	Low	1.06

Note: 3.50 – 4.00 (Very High); 2.50 – 3.49 (High); 1.50 – 2.49 (Low); 1.00 – 1.49 (Very Low)

A closer examination of the individual items reveals noteworthy trends. The item with the lowest mean score, "Inherited the business from a family member" (M=1.81, SD=1.06), underscores a weak motivational influence of familial legacy on entrepreneurial endeavors. Conversely, the highest mean score was observed for the item "Had no other way of earning income" (M=2.30, SD=0.99), which, while still categorized as low, suggests that financial necessity may serve as one of the minor motivators for some individuals. The low overall standard deviation (SD=0.76) indicates that responses were closely clustered around the mean, reinforcing a shared perception among participants regarding their lack of motivation driven by external challenges.

The implications of these findings resonate with the insights provided by Etrata and Raborar (2022), who emphasize the critical role of small enterprises in economic development and poverty alleviation in Cebu. Their research indicates that many entrepreneurs are primarily motivated by the pursuit of greater financial stability, viewing business ownership as a way to enhance their circumstances amid economic hardships. This aligns with our findings that suggest business owners are not deeply compelled by external push factors such as family inheritance, which may limit their entrepreneurial drive. Additionally, the literature highlights the complexities surrounding family businesses' transition across generations. According to Cho et al. (2021), survival rates of family businesses tend to plummet after the first generation, often due to internal conflicts and challenges in adapting to market changes. Such dynamics can significantly dampen the motivation of successors, who may perceive themselves as passive inheritors rather than active entrepreneurs, as noted by Yuan (2019). This echoes the findings from our study, where the lack of motivation associated with inherited businesses reveals the substantial challenges future generations face in sustaining entrepreneurial ventures.

3.2 Entrepreneurial Capabilities

In terms of Innovation

The analysis of entrepreneurial capabilities in innovation, as illustrated in Table 3, demonstrates that startup business owners exhibit a high level of innovation capabilities, with a mean score of 3.08 (SD = 0.68). This indicates a strong self-perception among entrepreneurs regarding their capacity to innovate within their businesses. The results reveal that all items assessed achieved high mean scores, suggesting a broad consensus on the perceived importance of innovation in fostering business success.

Table 3. *Level of Entrepreneurial Capabilities in terms of Innovation*

	Innovation	M	Interpretation	SD
	Overall	**3.08**	**High**	**0.54**
1	Gives support for creative employees.	3.26	High	0.67
2	Has adequate human resources.	3.08	High	0.67
3	Has many product designs.	3.04	High	0.77
4	Has adequate production equipment.	3.03	High	0.66
5	Has good technology in producing a product.	3.01	High	0.68

Note: 3.50 – 4.00 (Very High); 2.50 – 3.49 (High); 1.50 – 2.49 (Low); 1.00 – 1.49 (Very Low)

Notably, the lowest mean score was associated with the item concerning the availability of good technology for product production (M = 3.01, SD = 0.68). This indicates that while entrepreneurs believe they possess substantial innovation capabilities, technological resources remain a critical area for enhancement. This gap highlights an

opportunity for startups to invest in and upgrade their technological infrastructure to bolster innovation efforts. Conversely, the item with the highest mean score was related to supporting creative employees (M = 3.68, SD = 0.67). This high score reflects a robust belief among entrepreneurs in fostering a creative workplace. Such an environment encourages innovative thinking and problem-solving among staff, which can lead to significant advancements and a competitive edge. This aligns with literature emphasizing the importance of organizational culture in promoting innovation. For instance, Smith and Lee (2021) assert that startups with strong innovative capabilities can adapt swiftly to evolving market conditions and technological advancements, which are essential for success in dynamic environments.

Moreover, Mukhsin (2024) underscores the relevance of organizational culture within Indonesian digital companies, highlighting knowledge sharing, job autonomy, and psychological safety as mediators of the relationship between an innovation-oriented culture and employee creativity. A positive organizational culture motivates employees to share ideas and empowers them to take risks without fear of failure, further enhancing the capacity for innovation. The dimensions of innovation capability identified process innovation for efficiency, product innovation to meet market demands, and market innovation utilizing modern digital tools for visibility align well with the framework for entrepreneurial innovation. These capabilities enable businesses to create synergies that enhance competitiveness in the marketplace. Particularly noteworthy is the context of university incubators in Thailand, as Songkajorn et al. (2020) noted, which highlights how tailored support within incubators can foster an innovation-driven mindset among young entrepreneurs.

In terms of Seizing Opportunity

Table 4 analyzes the entrepreneurial capabilities of startup business owners, specifically focusing on their ability to seize opportunities. The findings indicate that these entrepreneurs exhibit a high entrepreneurial capability to identify and act upon market opportunities, with an overall mean score of 3.19 and a standard deviation of 0.64. This suggests that while most business owners possess strong capabilities, there is some variability in their skills.

Table 4. *Level of Entrepreneurial Capability to Seize Opportunities*

	Items	M	Interpretation	SD
	Overall	**3.19**	**High**	**0.64**
1	Conducts review of marketing programs and efforts to ensure alignment with customer needs, wants and expectations.	3.21	High	0.74
2	Make changes to organizational structure to take advantage of market opportunities.	3.11	High	0.76
3	Have more time to implement ideas for marketing programs and improve current ones.	3.16	High	0.68
4	Constantly implement new marketing policies or strategies to take advantage of identified market opportunities.	3.16	High	0.75
5	At tune marketing processes to market demands.	3.28	High	0.75

Note: 3.50 – 4.00 (Very High); 2.50 – 3.49 (High); 1.50 – 2.49 (Low); 1.00 – 1.49 (Very Low)

Among the key insights, the item reflecting the lowest mean score—"Make changes to organizational structure to take advantage of market opportunities" (M=3.11, SD=0.76)- highlights potential growth areas. In contrast, the item with the highest mean score, "Attune marketing processes to market demands" (M=3.28, SD=0.75), underscores entrepreneurs' stronger capability to adapt their marketing strategies in response to dynamic consumer behaviors and shifting market conditions.

These findings align with recent research, particularly during periods of crisis, such as the COVID-19 pandemic. Maran et al. (2024) emphasize the critical nature of speed and responsiveness in recognizing and acting on entrepreneurial opportunities during such turbulent times. Their study reveals that entrepreneurs who are attuned to community needs and prioritize employee retention are better positioned to respond to emerging market demands. This is further supported by Shetty et al. (2024), who stress the importance of an entrepreneurial mindset characterized by openness to risk-taking as a crucial factor in successfully identifying and leveraging opportunities. Moreover, a study by Neneh (2022) explores the connection between entrepreneurial alertness and opportunity recognition. It reveals that heightened alertness significantly enhances entrepreneurs' ability to identify new prospects, especially under resource constraints. This notion is complemented by entrepreneurial bricolage, which refers to the innovative use of available resources to navigate challenges. Entrepreneurial passion emerges as a moderating factor, illustrating how it can influence the relationship between bricolage and opportunity recognition. The essential skills and abilities that entrepreneurs must cultivate to navigate the

complexities of launching a new business, such as the ability to identify opportunities, manage resources efficiently, and demonstrate adaptability, are critical to achieving success and sustainability in a rapidly evolving startup landscape (Roshanzamir, 2019). Furthermore, the emphasis on designing organizational structures that align with market opportunities is crucial. This adaptability enables startups to capitalize on disruptions by swiftly identifying and seizing business opportunities, a sentiment echoed by Zanella et al. (2019).

In terms of Strategic Capability

Table 5 presents the level of entrepreneurial capabilities among startup business owners, specifically focusing on their strategic capabilities. The data indicates a high entrepreneurial capability (M=3.26, SD=0.63), signaling that business owners possess significant skills necessary for strategic decision-making and business initiation. Notably, all evaluated items received high scores, reflecting a generally positive assessment. Among these, the item regarding the flexibility of firm business processes in adapting to employee input yielded the lowest mean score (M=3.18, SD=0.79). In contrast, the highest score was achieved by the item concerning the capacity to exploit internal resources for enhanced performance (M=3.30, SD=0.64).

Table 5. *Level of Entrepreneurial Capabilities in terms of Strategic Capability*

	Strategic Capability	M	Interpretation	SD
	Overall	**3.26**	**High**	**0.63**
1	Has an organized and adaptable system for teaching employees' different skills, coordinating worker activities, and organizing teams.	3.28	High	0.71
2	Has processes for using knowledge in development of new product or services.	3.25	High	0.74
3	Has the ability to implement different processes and apply different facilities to achieve its goal.	3.29	High	0.7
4	Can exploit internal resources and capabilities to achieve good performance.	3.3	High	0.64
5	Has an ability to change its resources, employees, equipment, and asset as the need arises.	3.26	High	0.67
6	Firm business processes are flexible and open to change by employees.	3.18	High	0.79

Note: 3.50 – 4.00 (Very High); 2.50 – 3.49 (High); 1.50 – 2.49 (Low); 1.00 – 1.49 (Very Low)

The findings align with the insights from Štefan Slávik et al. (2022), who emphasize the criticality of understanding a startup's business model, internal dynamics, and external factors in defining its vision and objectives. Their research highlights operational efficiency, funding acquisition, and the establishment of strategic partnerships as pivotal elements that enable startups to navigate challenges effectively and achieve sustainable growth. This resonates with Farida and Setiawan (2022), who discuss how robust business strategies are fundamental in bolstering competitive advantages for startups and small to medium enterprises (SMEs). They assert that well-formulated strategies not only enhance performance but also drive innovation. This implies that startups are encouraged to concentrate on quality enhancement, foster innovation, and adapt responsively to market changes to navigate competitive landscapes effectively.

Moreover, the findings suggest an important intersection with the insights of Hokmabadi et al. (2024), which examines the influence of digital transformation on startups and smaller businesses. They outline the necessity for organizational capabilities, such as ambidexterity and resilience, as vital components in overcoming digitalization challenges. This further supports the need for startups to adopt strategic digital technologies, enhancing operational resilience and gaining a competitive edge. Furthermore, a systematic literature review reveals 25 critical success factors (CSFs) that contribute to startup competitiveness, spanning organizational, human, and environmental dimensions (Silva Júnior et al., 2022). This integrative framework serves as substantial guidance for practitioners, encouraging a focus on internal capabilities, the development of human capital, and an awareness of external contextual variables to improve overall startup performance.

In terms of Network Capabilities

Table 6 presents the entrepreneurial capabilities of startup business owners, specifically focusing on their network capability. The findings indicate a very high level of strategic capability among these entrepreneurs, with a mean score of M=3.51 and a standard deviation of SD=0.47. This suggests that startup owners are particularly adept at leveraging strategic relationships when launching their businesses. Most of the individual survey items reflect this high capability, except for two specific items.

Table 6. *Level of Entrepreneurial Capabilities in terms of Network Capabilities*

	Network Capabilities	M	Interpretation	SD
	Overall	**3.51**	**Very High**	**0.47**
1	Managers and employees often give feedback to each other.	3.48	High	0.64
2	We examine our aspirations and goals, along with the partner we wish to accomplish them with.	3.44	High	0.57
3	We develop relations with each partner based on what we can collaborate with.	3.5	Very High	0.57
4	We have the ability to build good personal relationships with our business partners.	3.58	Very High	0.52
5	We almost always solve problems constructively with our partners.	3.54	Very High	0.59
6	We know our partners' markets, products/procedures/services.	3.51	Very High	0.55

Note: 3.50 – 4.00 (Very High); 2.50 – 3.49 (High); 1.50 – 2.49 (Low); 1.00 – 1.49 (Very Low)

Notably, "We examine our aspirations and goals, along with the partner we wish to accomplish them with" received the lowest mean score of M=3.44 and SD=0.57. This implies that while business owners possess strong strategic capabilities, they may still have room for improvement in aligning their aspirations closely with their partners. In contrast, "We have the ability to build good personal relationships with our business partners" scored the highest at M=3.58 and SD=0.52, indicating that these entrepreneurs excel in establishing and nurturing relationships vital for business sustainability. The overall results underscore the important role that networking plays in the entrepreneurial ecosystem. Startup owners demonstrate a high capacity to seize opportunities by cultivating strong relationships with business partners, suppliers, and employees. Such relationships are essential for obtaining resources and fostering an environment conducive to learning and adaptation, a critical aspect in today's rapidly changing market landscapes.

Passaro et al. (2020) highlight that effective network ecosystems provide startups access to critical resources, mentorship, and market opportunities. The strategic utilization of networks facilitates improved learning and responsiveness to evolving market conditions, empowering startups to innovate and sustain competitive advantages. Similarly, Teves et al. (2023) reinforce this point by emphasizing that startups with robust networking strategies are better positioned to navigate competitive environments. They assert that effective networking not only boosts resource accessibility but also enhances innovation and responsiveness to market shifts, both of which are fundamental to the success of a startup. To further strengthen their capabilities, startup owners must master digital communication tools and leverage social media effectively. Participation in industry events and cultivating strong connections within local communities are additional tactics that can enhance a startup's performance in a competitive market. By integrating these practices into their strategic frameworks, entrepreneurs can significantly drive innovation and elevate their business outcomes.

3.3 Challenges

In terms of Internal Factor

Table 7 presents the challenges faced by startup business owners regarding internal factors. The analysis indicates that the overall level of challenges is low (M=2.04, SD=0.71), suggesting that business owners generally encounter only minor difficulties. Notably, all items measured returned low mean scores, with the lowest being associated with "Lack of knowledge of business" and "Limited planning on how to do proper planning of the business," both scoring (M=1.85, SD=0.87). Conversely, the highest mean score was related to "Limited funding from an internal source" (M=2.49, SD=0.94), signifying that while other challenges appear manageable, funding remains a significant concern.

Table 7. *Level of Challenges in terms of Internal Factors*

	Internal Factors	M	Interpretation	SD
	Overall	**2.04**	**Low**	**0.71**
1	Limited funding from internal source.	2.49	Low	0.94
2	Difficulty of providing security to financial institutions to avail of loans.	2.1	Low	0.95
3	Lack of available qualified and experienced staff.	2.01	Low	0.97
4	Lack of marketing knowledge.	1.95	Low	0.83
5	Lack of knowledge on business.	1.85	Low	0.87
6	Limited knowledge on how to do proper planning of the business.	1.85	Low	0.87

Note: 3.50 – 4.00 (Very High); 2.50 – 3.49 (High); 1.50 – 2.49 (Low); 1.00 – 1.49 (Very Low)

This data implies that startup business owners are, overall, in a relatively stable position to start their ventures and bring their innovative ideas to fruition. However, the notable concern regarding limited funding indicates an

area where additional support and resources could enhance their chances of success. The findings resonate with insights from Looze and Desai (2020), which highlighted that entrepreneurs, particularly those in the early stages of the COVID-19 pandemic, faced heightened challenges, including disrupted supply chains, evolving consumer behavior, regulatory hurdles, and health-related concerns. Businesses operating for less than a year were particularly vulnerable, grappling with inadequate funding, customer retention difficulties, and a prevalent sense of self-doubt. Over half of the respondents cited these factors as their primary challenges. Aligning with Ferrucci et al. (2020), the persistent issue of securing adequate funding emerges as a central obstacle for startups. Although many entrepreneurs depend on personal savings or seek startup loans, a significant number find it challenging to access essential financial resources, particularly during uncertain economic times. This correlation suggests that while the overall internal challenges may be low, addressing funding issues is critical for empowering startup owners to overcome barriers and achieve growth.

In terms of External Factors

Table 8 provides an insightful overview of the challenges faced by startup business owners regarding external factors. The analysis reveals a relatively low overall level of challenges associated with internal factors (M=2.09, SD=0.77), indicating that while business owners do encounter difficulties, these issues are not overwhelmingly debilitating. Notably, the specific challenge that registers the lowest mean score is "Current business site is not accessible to customers" (M=1.88, SD=0.95). This emphasizes a critical concern for startups: the accessibility of their location, which could significantly impact customer engagement and overall business performance. Conversely, the challenge of "Not able to compete with larger companies" emerges as the most pressing concern, with the highest mean score of (M=2.49, SD=0.99). This finding underscores a heightened perception of competitive pressure from established companies, reflecting a common struggle for startups to establish their foothold in the market.

Table 8. *Level of Challenges in terms of External Factors*

	External Factors	M	Interpretation	SD
	Overall	**2.09**	**Low**	**0.77**
1	Not able to compete with larger companies.	2.49	Low	0.99
2	Limited external sources of funding.	2.19	Low	0.99
3	Difficulty of securing dependable suppliers.	1.96	Low	0.95
4	Difficulty in meeting government requirements.	1.92	Low	0.98
5	Current business site is not accessible to customers.	1.86	Low	0.95

Note: 3.50 – 4.00 (Very High); 2.50 – 3.49 (High); 1.50 – 2.49 (Low); 1.00 – 1.49 (Very Low)

Interestingly, the results suggest that startup business owners perceive fewer substantial challenges related to external factors than might be anticipated. This observation implies a certain level of preparedness among entrepreneurs, indicating that they are systematically equipped to launch their ventures in strategically selected locations. These findings present a contrast to the perspectives put forward by Sevilla-Bernardo et al. (2022), who argue that startups frequently navigate intensely competitive environments dominated by larger, established companies. In such competitive landscapes, startups often face price wars that complicate profitability and customer acquisition, which can further exacerbate the challenges they encounter. Kuckertz et al. (2020) highlight the asymmetrical advantages that established companies hold, such as extensive resources, strong brand recognition, and loyal customer bases. These factors collectively make it difficult for new entrants to create their own unique market niches.

Adding to this discourse, Ferrucci et al. (2020) identify market competition as one of the most significant obstacles for startups. They emphasize that while growth is a fundamental objective for new businesses, it requires navigating the complexities of limited resources and strategic decision-making. Considering these challenges, my analysis suggests that startups can enhance their resilience by securing adequate funding, implementing strategic hiring practices, and focusing on minimizing team turnover. These measures may bolster their ability to withstand competitive pressures and navigate the complexities of their respective markets.

3.4 Differences in the Level of Entrepreneurial Capabilities when Grouped According to Size of Business

Table 9 illustrates a significant difference in the entrepreneurial capabilities of startup business owners when categorized by business size. The analysis reveals that the level of capabilities markedly diverges between micro-sized businesses (defined as those with revenues of 3 million and below, which are associated with high

capabilities) and small-sized businesses (which exceed 3 million and are characterized by very high capabilities), as evidenced by a Wilcoxon W statistic of 2843 and a p-value of 0.005. This statistical significance leads us to reject the null hypothesis.

Table 9. *Differences in the Level of Entrepreneurial Capabilities when Grouped According to Size of Business*

Capitalization	Mean Ranks	Sum of Ranks	Mann-Whitney *U*-Test			
			***U*-ratio**	**W**	**Z**	**P**
Micro	38.42	2843	68.00	2843	-2.817	0.005
Small	66.17	397.00				

Significant at *p≤.05*

The findings suggest that small-sized startup businesses tend to exhibit significantly higher entrepreneurial capabilities than their micro-sized counterparts. This disparity underscores the influence that business size can have on the development and manifestation of entrepreneurial skills. It is likely that the complexities and resource requirements of managing larger startups necessitate a higher degree of entrepreneurial capability. Owners of small startups may be compelled to navigate intricate operational scenarios, engage in extensive networking, and adopt innovative strategies to achieve success. Conversely, micro-business owners might face restrictions arising from limited resources, which could stifle their entrepreneurial growth.

Supporting this view, Passaro et al. (2020) noted that owners of larger startups often showcase superior strategic thinking and resource management skills compared to those running smaller businesses. This variation in capabilities is attributed to the greater complexity and operational scale associated with larger firms, which necessitate a more advanced entrepreneurial skill set. Further reinforcing this perspective, Wei et al. (2023) found that larger startups typically employ more structured resource allocation strategies, correlating with higher rates of entrepreneurial success. In contrast, smaller startups frequently operate with diminished resources and less formalized planning, which may impede their growth trajectory and overall success. Fraraccio's (2024) research further emphasizes the advantages that larger startups hold in terms of innovation capabilities. Owners of these firms benefit from enhanced access to funding and extensive networks, significantly augmenting their innovative capacity compared to those in smaller firms

3.5 Difference in the Level of Entrepreneurial Capabilities when Grouped According to Type of Industry

Table 10 illustrates the variance in entrepreneurial capabilities among startup business owners, differentiated by industry type. The analysis revealed a statistically significant difference, with a t-value of 0.419 and a p-value of 0.030, leading to the rejection of the null hypothesis. This indicates that startup businesses in the service sector exhibit notably higher entrepreneurial capabilities compared to their counterparts in merchandising.

Table 10. *Differences in the Level of Entrepreneurial Capabilities when Grouped According to Type of Industry*

Types of Industry	M	SD	Df	t-ratio	p
Merchandising	3.12	0.51	79	0.235*	0.030
Service	3.36	0.45			

Significant at p≤.05

The superior entrepreneurial capabilities observed in service-oriented startups may be attributed to several intrinsic factors related to the nature of service industries. These businesses typically place a heightened emphasis on customer interaction, adaptability, and innovation. For instance, service entrepreneurs must be highly attuned to their clients' needs and skilled in fostering relationships, which are essential elements for success in this sector. This requirement not only enhances their entrepreneurial skill set but also cultivates a more dynamic approach to business challenges. On the other hand, entrepreneurs in the merchandising sector often prioritize operational concerns such as inventory management, supply chain logistics, and price competitiveness. This focus can restrict their development in areas like creativity and customer engagement, vital for fostering long-term success. As highlighted in the research by Shetty et al. (2024), merchandising businesses face the complexities of managing physical inventory, which incurs costs associated with storage, handling, and unsold items. This financial burden results in a need for more intricate financial management strategies compared to service-oriented businesses, which typically avoid the pitfalls of maintaining inventory.

Furthermore, Gil-Gomez et al. (2020) emphasize that service-centric businesses prioritize cultivating long-term customer relationships by building trust and ensuring customer satisfaction. This focus is crucial for securing repeat business and engendering loyalty. In contrast, merchandising businesses often direct their marketing strategies towards attracting new customers, which frequently takes the form of promotions and diversified product offerings. This difference can further explain the variance in entrepreneurial capabilities;. At the same time, merchandising entrepreneurs might excel in areas of market penetration and pricing strategies, they may lack the same depth of skills in customer relationship management and innovation.

4.0 Conclusion

The research findings provide a detailed exploration of the motivations, capabilities, and challenges faced by startup business owners. While personal autonomy is a significant motivator for some entrepreneurs, financial incentives emerge as the primary driving force behind establishing a business. Additionally, the study indicates that relying solely on familial inheritance is insufficient for many entrepreneurs, highlighting the impact of external pressures on the entrepreneurial landscape and the necessity for supportive structures to foster motivation among aspiring business owners. Moreover, the analysis reveals that while startup founders generally possess strong innovative capabilities, there are critical areas for improvement, particularly in technological resources and organizational restructuring. By focusing on technology investment and nurturing a supportive corporate culture, entrepreneurs can enhance their innovative capacities, which is crucial for achieving sustainable growth and maintaining a competitive edge. Emphasizing adaptability and resource management can further strengthen their effectiveness in navigating unpredictable business environments. Lastly, the findings highlight the importance of aligning personal aspirations with business objectives to maximize entrepreneurial potential. Although startup owners demonstrate commendable networking abilities, they must also seek targeted support, particularly in securing funding, to overcome challenges within competitive markets. The research shows that the size of a startup significantly influences its owners' entrepreneurial capabilities, indicating that understanding the unique challenges and opportunities of different business sizes can assist aspiring entrepreneurs in refining their strategies for resource allocation and growth tailored to their specific contexts

5.0 Contributions of Authors

The first author conceptualized the research topic. Both authors collaborated on data design and analysis, while the second author reviewed the manuscript.

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7.0 Conflict of Interests

The authors declare that they have no conflict of interest.

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9.0 Reference

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