

An Innovative Enterprise Model for Successful Enterprises in Albay: A Case Study

Marlon O. Sierra

Graduate School, University of Santo Tomas-Legazpi, Legazpi City, Philippines

Author Email: marlon03sierra@gmail.com

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Abstract. This study develops an innovative enterprise model for Small and Medium-sized Enterprises (SMEs) by examining successful businesses in Albay to understand their strategies for overcoming business challenges and achieving sustainable growth. Data was collected through interviews, observation, and documentation from 10 SMEs in Albay, focusing on eleven key business areas including leadership, strategic planning, and financial performance. A descriptive-evaluative case study approach was used, drawing on William Lazonick's Theory of Innovative Enterprise, the SECI Model, and the Plan-Do-Check-Act (PDCA) cycle. The research identified adaptive leadership, strategic innovation, strong core values, technology utilization, and robust networks as critical success factors. Key challenges included supply chain management, product quality, adapting to market changes, employee retention, and financial constraints. These were addressed through proactive strategies and partnerships. The primary outcome is a practical enterprise model that integrates success factors and an adaptive approach, providing actionable insights for SME growth and resilience in the evolving economic conditions of the province of Albay.

Keywords: Albay; Innovative Enterprise Model; Small-Medium Enterprises (SMEs); Successful.

1.0 Introduction

Small and medium-sized enterprises (SMEs) are crucial drivers of economic growth and employment worldwide, particularly in developing regions such as the Philippines' province of Albay. SMEs account for approximately 90% of businesses in Albay, spanning diverse sectors including retail, agriculture, manufacturing, and services, thereby contributing significantly to local economic resilience and community development (Philippine Statistics Authority, 2023). Despite their importance, SMEs in Albay face persistent challenges, including limited access to financing, vulnerability to natural disasters, and difficulties in adapting to rapidly evolving market conditions (Delgado & Reyes, 2021; Santos et al., 2022).

Nationally, the Philippines continues to struggle with creating a conducive environment for SME growth. According to the World Economic Forum (2022), the country ranks 58th out of 141 economies in global competitiveness, with particular weaknesses in infrastructure, digital readiness, and ease of doing business. These challenges are compounded by a significant digital skills gap among SME employees, limiting their ability to leverage technology effectively for innovation and growth (Garcia & Cruz, 2020; Mendoza et al., 2023). Recent studies emphasize that while government policies such as Republic Act No. 9501 (Magna Carta for MSMEs) provide a legal framework to support SMEs, implementation gaps and resource constraints hinder their full impact (Lopez & Villanueva, 2021). Existing literature on SME development in the Philippines has primarily focused on financial access, entrepreneurial mindset, and policy analysis (Delgado & Reyes, 2021; Santos et al.,

2022). However, there is a notable gap in comprehensive models that integrate innovation, organizational learning, and continuous improvement tailored to the unique context of SMEs in Albay. Furthermore, few studies have systematically examined how successful SMEs overcome operational challenges through adaptive strategies and knowledge management practices.

This study aims to fill this gap by developing an innovative enterprise model based on the success stories of ten SMEs in Albay. Specifically, it investigates their leadership approaches, strategic planning, policy implementation, core values, technology use, marketing, talent management, networking, and financial performance. The study employs William Lazonick's Theory of Innovative Enterprise to understand the interplay between strategy, finance, and organization in fostering innovation. Additionally, the SECI Model guides the exploration of knowledge creation processes within these firms. At the same time, the Plan-Do-Check-Act (PDCA) cycle provides a framework for continuous improvement and problem-solving. The integration of these theoretical perspectives seeks to offer a practical model that may support other SMEs in enhancing competitiveness and sustainability in a dynamic business environment.

2.0 Methodology

2.1 Research Design

This study utilized a descriptive-evaluative case study design focusing on ten successful small and medium-sized enterprises (SMEs) in the province of Albay, examining eleven key aspects: leadership and/or ownership, strategic planning and achievements, implemented policies, core values, services and/or products, use of technology, strategies implemented, marketing and promotion, people/talent management, linkages and networks, and financial performance. This methodology combines detailed narrative descriptions with systematic evaluative assessments, allowing for an in-depth understanding of the complex realities faced by SMEs by capturing both contextual factors and measurable outcomes. Through diverse data collection methods, including interviews, observations, and document analysis, the study provides a comprehensive view of each enterprise's practices and challenges. The descriptive-evaluative case study approach is particularly valuable in exploring real-world business environments, as it describes the characteristics and experiences of the SMEs and critically evaluates their strategies and results, offering actionable insights to inform future business practices, policy development, and support mechanisms tailored to the SME sector in Albay.

2.2 Research Locale

The geographic scope of this study focuses on the province of Albay as a central hub for SME businesses. The study emphasize Albay's SME landscape particularly the success stories of the identified ten (10) SME's along leadership and/or ownership, strategic plan and the corresponding achievements, implemented policies, core values, services and/or products, the use of technology, strategies implemented, marketing and promotion, people/talent management, linkages and networks, and financial performance. The challenges encountered by the 10 SMEs in the above-cited areas, and develop an innovative enterprise model based on the success stories, challenges encountered, and strategies implemented. Secondary data analysis involves using data collected from journals, books, and websites that are considered highly relevant to the study. Key informant interviewing entails conversing with the most knowledgeable persons on SMEs with success stories. In this study, data triangulation was employed through the use of multiple data sources to enhance the credibility and validity of the findings.

2.3 Research Participants

The participants in this study were the owners, proprietors, or managers of ten (10) identified SMEs in Albay, who were interviewed based on eleven key variables: leadership and/or ownership, strategic planning and corresponding achievements, implemented policies, core values, services and/or products, use of technology, strategies implemented, marketing and promotion, people/talent management, linkages and networks, and financial performance. The interviews aimed to map their strategies and techniques into three main areas: strategic control, organizational integration, and fiscal commitment. Specific criteria guided informant selection to ensure diverse and representative insights: (1) SMEs from various sectors including retail, manufacturing, and services; (2) SMEs of varying sizes within the small to medium category to reflect different operational challenges and opportunities; (3) SMEs with different levels of experience, encompassing both new and established enterprises to capture multiple stages of business development; and (4) SMEs located across different districts of Albay to account for variations in business operations and practices throughout the province.

2.4 Research Instrument

This study employed an interview guide as the primary research instrument to collect rich, qualitative data on success stories, challenges encountered, and resolutions implemented across the eleven identified areas. The effectiveness of the interview guide was crucial in ensuring the reliability and validity of the data gathered, enabling in-depth exploration of each case. Qualitative data analysis was employed, involving two levels of analysis: the first level used coding, categorizing, and clustering to generate emergent themes, while the second level applied the theoretical frameworks—the Theory of Innovative Enterprise, the SECI Model, and the PDCA Cycle—as analytical constructs to deepen the interpretation of the initial findings. This dual-level approach enhanced the thoroughness of the study by systematically organizing the data and grounding the analysis in established theories, thereby strengthening the credibility and validity of the research outcomes.

2.5 Data Gathering Procedure

The study employs three procedures, as follows: individual interviews (key informant interviews), document analysis, and secondary data analysis. Document analysis in this study refers to the transcripts of interviews with the key informants. Secondary data analysis involves data taken from journals, books, and websites that are considered highly relevant to the study. Key informant interviewing entails conversing with the most knowledgeable persons on SMEs with success stories. In this study, data triangulation was employed through the use of multiple data sources to enhance the credibility and validity of the findings by combining multiple data sources, methods, and perspectives. Insights from various informants (e.g., interviews and observations) have strengthened the conclusions. Data triangulation was adopted in objectives 1 and 2, particularly along the 11 areas. The study incorporated various data sources relevant to SMEs in Albay. Conduct interviews with SME owners/managers and observe SME operations in various contexts, including specific markets and exhibitions. The data were collected from various sources and analyzed using different methods. Additionally, I integrated the findings from various sources to form a comprehensive understanding of SMEs in Albay, which contributed to a richer comprehension, leading to the development of an innovative enterprise model.

2.6 Ethical Considerations

This research study followed ethical guidelines. The responses provided were given a numerical code; the name of the informant does not appear anywhere in the data. Only the researcher has access to such data. The data is used to create an innovative enterprise model for SMEs. The data is stored on a password-protected computer. No one is obligated to participate in this study, and all participants are free to withdraw at any time. The researcher destroys any data already collected from the ex-informant. Principles of confidentiality and anonymity are strictly observed in this research. In summary, the identities of the informants have been anonymized, and their names were not disclosed in the paper to ensure confidentiality. This study assigned alphanumeric codes to protect informants' identities and ensure privacy. Measures were implemented by best practices and ethical guidelines in research. The comprehensive measures include the informed consent form, anonymity and confidentiality, data management practices, and limiting the disclosure of information.

3.0 Results and Discussion

3.1 Success Stories of the 10 SMEs in Albay

The success stories of the 10 enterprises narrated the highlights of their achievements and milestones. Based on the results, the SMEs overcome their business challenges, embrace innovation, and achieve the desired growth. These stories serve as inspirational cases and illustrations of how SMEs in Albay thrive in a competitive environment, showcasing unique strategies, exhibiting remarkable resilience, and fostering positive community impact. Many successful SMEs demonstrate the ability to innovate their products and/or services in response to market demands or challenges. This could involve adopting new technologies, improving processes, or diversifying their offerings. Successful SMEs often engage with their local communities, contribute to social causes, or collaborate with other businesses. This engagement enhances their brand reputation and fosters customer trust and loyalty. Many SME success stories feature narratives of overcoming significant obstacles, such as economic downturns, natural disasters, or intense competition. These stories often highlight the determination and strategic turns made by business owners to ensure survival and growth. Forming partnerships with other businesses, government agencies, or non-profits can play a crucial role in an SME's success. Collaborations may provide access to resources, expertise, and new markets. Successful SMEs often prioritize customer feedback and customer satisfaction. They may implement strategies to engage customers directly, ensuring that their products effectively meet consumer needs. Embracing digital tools and platforms significantly enhances an SME's operational efficiency and market reach. Success stories demonstrate how technology has had a profound impact

on marketing, sales, and customer service improvements. Many successful SMEs incorporate sustainable practices into their business models, appealing to environmentally conscious consumers while also reducing costs through efficiency improvements. The diversity allowed for a comprehensive analysis of strategies and challenges across different business stages and sectors, consistent with recent findings that sectoral diversity enhances SME resilience (Santos et al., 2022).

Table 1. *Key Attributes of the Selected SMEs in Albay*

SME Code	Leadership	Strategic Plan	Policies	Core Values	Services/Products	Technology	Strategies	Mktg and Promotion	People/Talent	Linkages and Networks	Financial Mgt'
SME 001	Family-led	Expansion	High standards	Quality	Authentic	Social media	Community involvement	Promotional initiatives	Family succession planning	Collaboration	Stable
SME 002	Autocratic hands-on	Quality control	Consistent policies	Local pride	Diverse bakery products	Basic digital tools	Adaptability	Local promotions	Retention of skilled bakers	Community connections	Steady
SME 003	Family-centered	Generational transition	Quality maintenance	Cultured	Local delicacies	Limited online presence	Family heritage	Word-of-mouth	Succession	Local network expansion	Stable
SME 004	Vision-driven,	Customer feedback	GMP	Quality control	Affordable variety	Digital feedback collection	Service-centered approach	Social media	Employee feedback integration	Linkages and networks	Improving
SME 005	Vision-driven	Customer feedback	GMP	Quality	Affordable meals	Digital feedback collection	Service-centered approach	Promotions on social media	Feedback integration	Community linkages	Recovering
SME 006	Customer feedback	Innovation GMP	Quality & Café expansion	Customer interaction	Coffee-based products	Social media platforms	Social media	Loyalty programs	Succession	Community involvement	Actively competing
SME 007	Customer-centric	Sustainability	Customer-centric policies	Customer satisfaction	Unique local dishes	Online ordering system	Customer satisfaction	Social media campaigns	Training	Collaboration	Profitable
SME 008	Innovation	Product innovation	Quality and innovation	Excellence	Unique dishes	Social media presence	Promotion of Bicolano culture	Strong brand positioning	High engagement	Partnerships	Growing
SME 009	Customer-focused	Sustained practices	Eco-friendly policies	Hospitality	Eco-friendly	Eco-tech friendly	Sustained	Branding focus	Training	Collaboration	Increasing
SME 0010	Service focused	Efficient service	High service standards	Excellence	Cultural focus	Online booking & reviews	Guest satisfaction	Social media engagement	Guest service quality	Partnerships	Stable

Each theme reflects the key elements of success that emerged across interviews:

Leadership and Ownership

Leadership in these SMEs is predominantly family-centered, with owners deeply involved in the day-to-day management of their businesses. This hands-on approach fosters early involvement of family members, particularly children, who grow up understanding the operations and values of the enterprise. Decision-making is often a collective family effort, which strengthens both the business and familial relationships, enabling these enterprises to adapt and succeed in a competitive environment. As one owner shared, *“From a young age, we made sure our children were part of the business. They would accompany us to the store and learn how to handle customers and resolve problems. It was not just about working; it was about understanding responsibility, leadership, and ownership. Now, even when we are not around, they confidently manage the day-to-day operations because they grew up immersed in it. When challenges arise, we sit down as a family to discuss and decide together, which makes the business stronger and sustained.”* This approach fosters continuity and a strong sense of responsibility, supporting findings by Cruz and Sarmiento (2021) that family involvement is linked to long-term stability and business sustainability in Philippine SMEs.

Strategic Planning and Achievements

Strategic planning focuses on expansion and adaptation to market demand. When asked about their approach to growth, the SME-001 owner shared insights that vividly illustrate the company's proactive stance on expansion. *"Na-encourage kaming mag-branch-out, hindi lang dito sa Tiwi, Albay, kundi pati na din sa mga kalapit na lugar na may potensyal na market,"* they explained. This encouragement came from a clear recognition of shifting customer needs and emerging opportunities beyond their original location. The SME-001 owner emphasized that strategic planning was not just about maintaining current operations, but also about actively seeking new markets to serve. *"We realized that sticking to one area limits our potential. Our customers are requesting our products in neighboring towns, so we have adapted by opening branches where demand is growing. It is about being flexible and responsive."* This mindset reflects a deliberate strategy to align business growth with evolving market trends, ensuring sustainability and competitive advantage. Such expansion strategies are aligned with the trend of SMEs leveraging local market opportunities to drive growth (Delgado & Reyes, 2021).

Policies and Quality Standards

Quality control and customer satisfaction are central to SME policies, reflecting the SME owners' commitment to maintaining high standards and building lasting relationships with their clients. SME-003 shared how they meticulously monitor every step of the production process, from sourcing raw materials to the final packaging, to ensure that each product meets their strict quality benchmarks. SME-003 emphasized *"We have a clear policy on product quality and customer satisfaction."* SME-003 explained, *"Every batch is checked, and we listen closely to customer feedback to make continuous improvements. Our customers trust us because they know we will not compromise on quality, and that trust keeps them coming back."* This hands-on approach demonstrates how consistent quality and attentive services are fundamental pillars driving the success and reputation of these enterprises. This commitment to quality supports customer loyalty, echoing Garcia and Cruz (2020), who found that quality-driven policies are critical for SME competitiveness.

Core Values

Core values in these SMEs often revolve around fostering strong community connections and preserving local culture, which in turn nurture customer loyalty and a welcoming atmosphere. As SME-002 explained, *"Our values aim to create a cozy and inviting environment for customers. We make sure that every detail, from the décor to the way we greet people, reflects the warmth of our community and respects our cultural heritage. It is not just about selling a product; it is about making customers feel like they belong and are part of something bigger."* This commitment to community and culture helps build lasting relationships, turning customers into regular patrons who appreciate the business not only for its offerings but also for its role in sustaining local identity, consistent with Mendoza et al. (2023), who highlight the importance of aligning business values with local culture.

Services and Products

Many SMEs differentiate themselves through culturally significant products and services. SME-003's focus on local delicacies has made it a staple in Albay, attracting both local pride and tourism. This strategy of leveraging cultural heritage for competitive advantage is supported by Santos et al. (2022), who note that unique product offerings rooted in local identity foster customer loyalty.

Use of Technology

Most SMEs utilize social media and digital platforms for marketing and customer engagement. SME-006 shared, *"We use social media platforms – like Facebook and Instagram to promote our products and services. It allows us to showcase new items quickly, respond directly to customer inquiries, and build a community around our brand."* This approach increases visibility and provides valuable insights from customer feedback, enabling businesses to adapt to market needs. Despite challenges like managing time and handling negative comments, owners find that consistent posting and strategic content planning help maintain customer interest and loyalty, ultimately driving growth and competitiveness in the local market. According to Mendoza et al. (2023), digital adoption enhances operational efficiency and market reach, consistent with recent research emphasizing the role of technology in SME growth.

Strategies Implemented

Adaptability is a familiar strategic theme, with SMEs regularly updating products and services to meet changing consumer preferences. SME-001's owner described this approach, saying, *"We regularly update our menu based on customer feedback. If customers suggest new flavors or request healthier options, we take them seriously and experiment until we get it right. This flexibility keeps our offerings fresh and relevant, and it shows our customers that their opinions matter"*

the most." Such responsiveness helps SMEs to stay competitive and strengthens their customer relationships by demonstrating a genuine commitment to meeting their needs in a dynamic market environment. Flexibility in strategy is crucial for sustaining competitiveness, as highlighted by Lopez and Villanueva (2021).

Marketing and Promotion

Marketing efforts rely heavily on word-of-mouth and community-based promotions. SME-005 owner emphasized maintaining a *"strong social media presence"* to complement these traditional methods, saying, *"While most of our customers come through recommendations from friends and family, we use Facebook and Instagram to keep them updated and engaged. It helps us reach younger audiences and share stories behind our products."* Another standout example of unique marketing is the introduction of the signature *"sili ice cream,"* which sparked curiosity and excitement in the community. SME-008 explained, *"The 'sili ice cream' started as a fun idea to showcase local flavors. It caught on quickly because it is something different and memorable, and people love sharing it with their friends. It is a great way to combine community pride with creative marketing."* This blend of personal connections, digital engagement, and innovative products creates a potent marketing mix that drives customer loyalty and business growth. This approach is supported by Garcia and Cruz (2020), who found that community-focused marketing enhances the visibility of SMEs.

People and Talent Management

Local hiring and employee development are key priorities for SMEs, reflecting their commitment to supporting the community and ensuring high-quality service. The owner of SME-005 shared, *"Whenever we hire new employees, we do not just bring them in and expect them to learn on the job. They undergo thorough training and orientation to understand our standards, values, and expectations for customer service. We invest time in teaching them the skills they need and help them grow professionally."* This approach equips employees with the confidence and competence to perform well; most importantly, it fosters loyalty and a sense of belonging. In prioritizing local talent and continuous development, these SMEs build a dedicated workforce that contributes to both business success and community empowerment. Investment in talent management not only improves service quality but also contributes to regional economic development and reduces turnover, as noted by Delgado and Reyes (2021).

Linkages and Networks

Collaboration with local suppliers and community organizations is a common practice. SME-003 collaborates with local festivals to showcase its products, illustrating how local linkages can strengthen business operations and community integration — a finding supported by Santos et al. (2022).

Financial Performance

While specific financial figures were not disclosed, several SMEs described overcoming financial challenges through strategic growth and partnerships. SME-001 invested in branch expansions despite loan difficulties, demonstrating that strategic financial planning is essential for sustained growth and resilience, as also found by Mendoza et al. (2023).

The results demonstrate that the success of SMEs in Albay is underpinned by family-centered leadership, strategic adaptability, commitment to quality, community engagement, and digital integration. These findings align with and extend recent literature on SME resilience and innovation in the Philippines (Cruz & Sarmiento, 2021; Mendoza et al., 2023). The integration of these themes into an innovative enterprise model can inform future policy and practice, supporting the sustainable growth of SMEs in similar contexts.

3.2 Challenges Encountered and the Resolutions Adopted by the SMEs in Albay

In the province of Albay, SMEs faced several challenges that impacted their growth and sustainability. The 10 SMEs identified in the study encountered general challenges categorized by access to finance, high operational costs, competition from larger enterprises, regulatory compliance issues, limited market access, and difficulties in talent acquisition. The adoption of proactive resolutions such as exploring alternative financing options, implementing cost management strategies, focusing on niche markets, seeking legal compliance support, conducting market research, participating in trade fairs, investing in employee development, and fostering a positive work environment, these enterprises can enhance their resilience and ensure sustainable growth in a competitive landscape. The above-stated challenges and adopted resolutions will be presented in detail.

Based on the results, this study presents the challenges encountered and the resolutions adopted by the 10 successful SMEs in Albay, along the following areas: leadership and/or ownership, strategic plan and the corresponding achievements, implemented policies, core values, services and/or products, the use of technology, strategies implemented, marketing and promotion, people/talent management, linkages and networks, financial performance. Challenges were consistent across themes: leadership and management (leadership and/or ownership; people/talent management); strategic framework (strategic plan and corresponding achievements, implemented policies, and strategies implemented), organizational culture (core values); product and service offering (service and/or products); the use of technology and innovation (use of technology); marketing and promotion; networking and collaboration (linkages and networks); and financial performance.

Theme 1: Supply Chain and Product Quality

Many SMEs in Albay face significant challenges in sourcing high-quality, fresh raw materials essential for maintaining product standards. SME-003 described the ongoing struggle, saying, *“It is often difficult to source fresh ingredients locally, especially during certain seasons. We have to build strong relationships with multiple suppliers and sometimes travel farther to ensure the quality meets our standards.”* This challenge is compounded by fragmented supply networks and limited access to advanced procurement technologies, which many Philippine SMEs encounter. Solution: Establishing strong local supply chains ensures product quality, which is vital for maintaining customer trust and satisfaction.

Theme 2: Adaptation to Market Changes

SMEs had to adapt quickly to shifting consumer behaviors, particularly during the pandemic. SME-002 shifted to social media marketing to maintain customer engagement. Solution: Adapting marketing strategies to consumer trends, particularly on digital platforms, helps businesses remain resilient.

Theme 3: Employee Retention and Training

Talent retention was a recurring issue, with businesses like SME-006 addressing it through continuous training and local hiring. Moreover, high turnover rates were addressed by emphasizing training and local hiring, as seen in SME-005. Solution: Investing in local hiring and employee development programs supports retention and builds a skilled workforce. Continuous training and local hiring strategies increase workforce stability and service quality.

Theme 4: Financial and Expansion Challenges

SMEs frequently experience financial constraints. Limited funding and financial risks were common, especially during the pandemic. SME-001 managed to overcome these challenges by diversifying its revenue streams, securing loans despite difficulties, and adopting digital marketing to maintain sales. Solution: Diversifying income sources and seeking financial flexibility through local banks or grants provides SMEs with the resources needed for growth and adaptation.

3.3 Development of Innovative Enterprise Model given the Success Stories, Challenges Encountered, and Strategies Implemented

An Innovative Enterprise Model for SMEs refers to a structured approach that small and medium-sized enterprises (SMEs) adopt to foster innovation within their organization. This model focuses on the development and implementation of innovative ideas, processes, products, or services to enhance competitiveness, improve efficiency, and meet evolving market demands. As per description, generally the model encompasses various types of innovation, including: product innovation which develop new or significantly improved goods or services; process innovation through the implementation of new or enhanced production methods or operational processes; organizational innovation which introduce new organizational practices or workplace arrangements that improve efficiency; and marketing innovation which create new marketing strategies to reach better and engage customers.

Developing an innovative enterprise model explicitly tailored for SMEs in the province of Albay demands a comprehensive and dynamic approach—one that integrates strategic visioning, cultural transformation, active employee engagement, effective resource allocation, collaborative partnerships, deep market insight, cutting-edge technological adoption, operational agility, and rigorous performance measurement to drive sustainable success.

Table 2. Checklist for Innovative Enterprise Model Identifiers

Indicators	Large Companies	SME's
1 Business Profile	+++	+
2 Leadership and/or Ownership	+++	+
3 Strategic Plan and the Corresponding Achievements	+++	+
4 Implemented Policies	+++	+
5 Implemented Policies	+++	+
6 Core Values	+++	++
7 Services and/or Products	+++	++
8 Use of Technology	+++	+
9 Strategies Implemented	+++	+
10 Marketing and Promotions	+++	+
11 People/Talent Management	+++	+
12 Linkages and Network	+++	+
13 Financial Performance	+++	+
14 Challenges Encountered	+++	+
15 Resolutions Adapted	+++	+
16 Innovative Business Models	+++	-

Future scenarios are crucial in innovation for visualizing potential futures, enabling enterprises to anticipate changes, identify emerging opportunities, and mitigate risks. This foresight is key to proactive innovation and staying ahead of market trends. However, the unpredictable nature of the future makes scenario planning and strategic foresight challenging, requiring a blend of creativity, analytical thinking, and, increasingly, the power of artificial intelligence (AI). Over the last half-century, the lifespan of the average business model has declined from 15 years to under five. Business model innovation—redefining how companies create and deliver value to customers has come into focus as a way to drive transformation, growth, and resilience. However, fundamentally changing value propositions or operating models for the better without jeopardizing core business represents a significant challenge for many companies. Guideline to drive constructive business model innovation: (a) conduct market and consumer research—continuously monitor, map, and evaluate market trends and consumer needs to guide the innovation of the business model; (b) pilot and iterate, experiment with new business model elements in a controlled environment before full-scale implementation. Use feedback from these pilots to validate, refine, and improve the model, and build a balanced portfolio by using portfolio management software to prioritize, validate, and execute new business model innovations while continually improving existing products and ensuring alignment with your strategic goals.

In this study, the development of an innovative enterprise model can be traced back to numerous studies and literature used, as they served as a guide and reference during the development stage. Hence, the concepts, the actual scenario, the findings, the results, and most importantly, the wisdom of the respondent's primary data are greatly attributed to the primary data of the study. Given the success stories, the challenges encountered, and strategies implemented by the 10 SMEs, this Innovative Enterprise Model was developed.

Based on the findings, an innovative enterprise model for SMEs in Albay could emphasize the following components: (1) Community-Driven Leadership and Ownership. Adopt family-centered and community-oriented leadership to ensure legacy and continuity, and actively involve family members in the business to strengthen knowledge transfer and ownership; (2) Strategic Product Development and Expansion. Expand product lines in response to customer demand and regional trends, and emphasize product uniqueness rooted in cultural heritage to differentiate from competitors; (3) Robust Policy and Quality Control Systems. Develop stringent quality control policies focusing on product consistency and customer satisfaction, and align policies with sustainable practices to resonate with community values; (4) Digital Integration and Technological Advancement. Leverage social media for marketing and customer engagement to maintain visibility, and adopt inventory management systems to enhance operational efficiency and reduce waste; (5) Flexible Marketing and Customer Engagement. Combine social media promotions with community engagement activities (festivals, local events), and encourage word-of-mouth marketing by creating loyalty programs and personalized customer experiences; (6) Talent Development and Local Hiring Initiatives. Invest in training programs for employees, focusing on skills relevant to the business and customer service, and prioritize local hiring to support community development and increase employee loyalty; (7) Financial Flexibility and Investment in Growth. Seek partnerships with local financial institutions to support funding and manage cash flow effectively, and invest strategically in branch expansion or product innovation to meet demand and capture new markets. This innovative enterprise model encapsulates the strategies, values, and policies that have contributed to the success of Albay's SMEs. By

focusing on family-oriented leadership, community engagement, quality control, and digital marketing, this model provides a sustainable framework that can be adapted to various SMEs in similar cultural and economic environments.

The innovative enterprise model presented in this study is depicted circularly and interactively. The first framework illustrates the primary process of the study, which involves the plan-do-check-act cycle. Plan means establishing the respondents of the study (primary data), the 10 SMEs in Albay; Do means execution of the plan – description of the SMEs’ success stories; Check means tracking the performance of the SMEs – identification of the challenges and resolutions adopted; and Act means actions to take by developing an innovative enterprise model. Surrounding the framework is the direction of the process. The 4 phases present the objective of the study supported by the PDCA process. The operation of the process is based on the 11 areas (variables) of the study: leadership and/or ownership, strategic plan and the corresponding achievements, implemented policies, core values, services and/or products, use of technology, strategies implemented, marketing and promotion, people/talent management, linkages and networks, and financial performance, as seen in the heading and footnote of the framework. With this, SMEs typically complete the innovation enterprise model process in practice. Additionally, the framework encompasses the following key components (themes) of the study: community-driven leadership, strategic product development and expansion, robust policy and quality control systems, digital integration and technological advancements, flexible marketing and customer engagement, talent development and local hiring initiatives, and financial flexibility and investment in growth. In summary, this study recommends the Innovative Enterprise Model for SMEs in Albay.

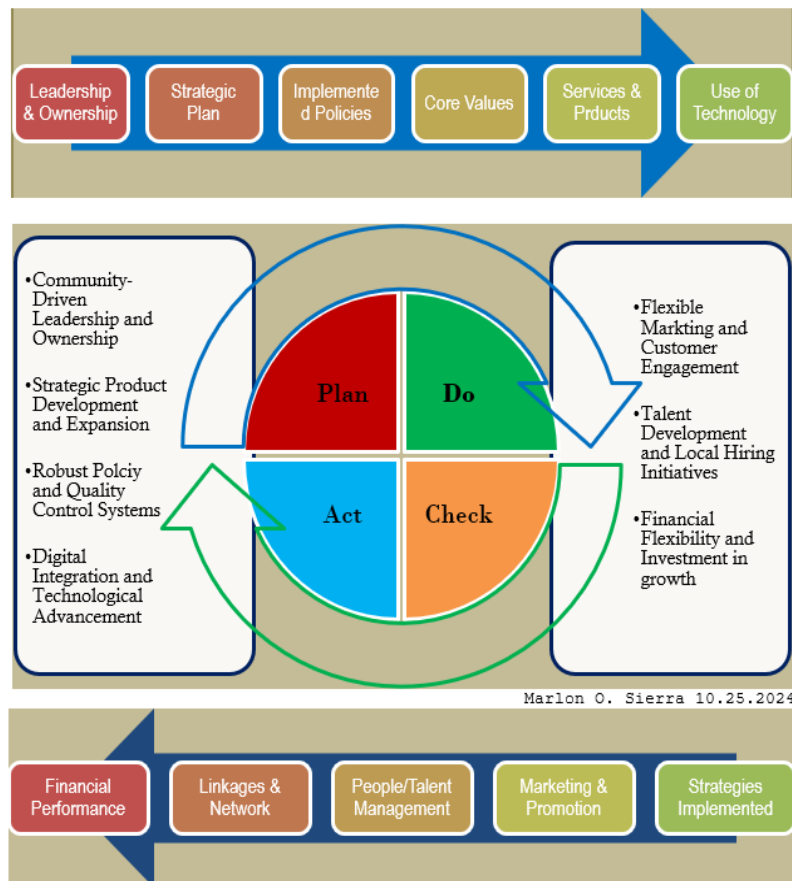


Figure 1. Innovative Enterprise Model

The Innovative Enterprise Model is all about creating value for the customers and value for the business. SMEs in Albay require a robust process to compete, generate revenue, grow, sustain themselves, and deliver customer satisfaction. Managing an innovative enterprise requires three key generators: first, the owners/managers can train themselves in designing and implementing the model's processes; second, they can hire consultants to assist them; and third, they can hire people to do the work for them. The first option may be slow and time-consuming;

the second and third options are expensive. Even more importantly, it depends on the nature of the enterprise. Getting started is always the most challenging part of the innovation process. Hence, these enterprises need to realize that simplifying things will eventually lead them to navigate the process and achieve their goals and objectives. A strong mindset is primordial for SMEs. Testing the process leads one down the road to an innovative enterprise, experiencing innovation, and bringing world-class innovation to the province of Albay.

4.0 Conclusion

This study presents an innovative enterprise model tailored to the unique challenges and strengths of SMEs in Albay, emphasizing the importance of adaptive leadership, strategic planning, technology adoption, and robust community networks. The findings provide actionable guidance for SME owners and managers seeking to enhance competitiveness through incremental innovation, targeted market strategies, and collaborative partnerships. For policymakers, the results underscore the need for supportive financing, digital skills training, and accessible business networks to foster a resilient SME sector. Educational institutions can draw from these insights to design entrepreneurship curricula that emphasize practical problem-solving and adaptability. Future research should examine the long-term impact of these strategies across various sectors and investigate how digital transformation further influences SME sustainability. Overall, the study offers a practical framework for SME growth that can inform business practice, policy development, and ongoing research in similar regional contexts.

5.0 Contribution of Authors

The author performed all aspects of the study, including conception and design, data collection, data analysis and interpretation, drafting and revising the manuscript, and approval of the final version for publication.

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This study did not receive funding or sponsorship from any organization or agency. There are no potential conflicts of interest to declare.

7.0 Conflict of Interest

This study indicates that there is no potential conflict of interest to declare.

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