

Entrepreneurial Leadership, Business Innovation, And Service Quality of Retail Enterprises in Muntinlupa: Basis for a Business Sustainability Framework

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ABSTRACT

This study examined entrepreneurial leadership, business innovation, and service quality among selected retail enterprises in Muntinlupa City as a basis for developing a Business Sustainability Framework. Anchored in Entrepreneurial Leadership Theory, Schumpeter’s Innovation Theory of Entrepreneurship, and the SERVQUAL Model, the study assessed entrepreneurial leadership across vision and strategic direction; decision-making and initiative; motivation and team empowerment; an innovation-driven mindset; ethical and value-based leadership; and adaptability to market challenges. Business innovation was assessed through product and service diversification, technology adoption and automation, process improvement and efficiency, marketing and branding innovation, human resource development, and customer experience enhancement. Service quality was evaluated through tangibles, reliability, responsiveness, assurance, empathy, customer satisfaction, and loyalty. Using a descriptive-correlational research design, data were gathered from 424 respondents consisting of entrepreneurs, employees, and clients from selected retail enterprises in Muntinlupa City. Findings revealed that entrepreneurial leadership and business innovation were generally rated as Evident, while service quality was rated Very Satisfactory. Significant differences were found among respondent groups regarding entrepreneurial leadership and business innovation. Moreover, entrepreneurial leadership and business innovation demonstrated very strong correlations with service quality. Challenges encountered were rated as Least Encountered. Based on the findings, a Business Sustainability Framework was developed and found to be highly suitable, acceptable, and feasible for implementation.

Keywords: Entrepreneurial Leadership, Business Innovation, Service Quality, Retail Enterprises, Business Sustainability Framework, MSMEs, Muntinlupa City, Philippines

INTRODUCTION

The retail sector serves as one of the most important contributors to economic development in the Philippines. It provides employment opportunities, supports entrepreneurship, stimulates local economic activities, and contributes significantly to national productivity. In highly urbanized cities such as Muntinlupa, retail enterprises play a critical role in providing essential goods and services while supporting community development and economic growth. The sustainability of these enterprises depends largely on their ability to adapt to changing market conditions, embrace innovation, and deliver superior customer experiences.

In recent years, retail enterprises have faced unprecedented challenges driven by digital transformation, globalization, shifting consumer preferences, and post-pandemic recovery efforts. These developments have intensified competition and compelled businesses to improve operational efficiency, innovate continuously, and strengthen customer relationships. As a result, entrepreneurial leadership, business innovation, and service quality have emerged as essential factors influencing organizational competitiveness and sustainability.

Entrepreneurial leadership refers to a leadership approach that combines strategic vision, innovation, opportunity recognition, adaptability, and employee empowerment. Entrepreneurial leaders influence organizational performance by guiding strategic direction, encouraging innovation, and fostering an environment that supports

continuous improvement. Their leadership behaviors significantly affect organizational resilience and long-term success.

Business innovation, meanwhile, represents an organization's capacity to introduce new products, services, technologies, processes, and management practices that create value for customers and stakeholders. In a rapidly changing retail environment, innovation enables firms to respond effectively to market demands, improve operational efficiency, and maintain competitive advantage. The integration of technology, marketing innovation, customer experience enhancement, and process improvement contributes significantly to organizational sustainability.

Service quality remains a critical determinant of customer satisfaction, loyalty, and business performance. The SERVQUAL framework emphasizes that customers evaluate service quality based on tangibles, reliability, responsiveness, assurance, and empathy. High levels of service quality contribute to customer retention, positive word of mouth, and sustained business growth. Consequently, understanding the relationship among entrepreneurial leadership, business innovation, and service quality is essential in developing strategies that support long-term business sustainability.

LITERATURE-BASED RESEARCH FRAMEWORK

The study was anchored on three complementary theories: Entrepreneurial Leadership Theory, Schumpeter's Innovation Theory of Entrepreneurship, and the SERVQUAL Model of Service Quality. These theoretical foundations explain how leadership practices and innovation capabilities influence service quality outcomes and organizational sustainability.

Entrepreneurial Leadership Theory, proposed by R. Gupta and further developed by Maija Renko, emphasizes leaders' ability to recognize opportunities, mobilize resources, empower employees, and navigate uncertainty. The theory supports the dimensions of vision and strategic direction; decision-making and initiative; motivation and team empowerment; an innovation-driven mindset; ethical leadership; and adaptability.

Schumpeter's Innovation Theory, developed by Joseph Schumpeter, views innovation as the primary driver of economic development and competitive advantage. The theory explains how product diversification, technology adoption, process improvement, marketing innovation, human resource development, and customer experience enhancement contribute to business growth and sustainability.

The SERVQUAL Model, developed by A. Parasuraman, Valarie Zeithaml, and Leonard Berry, provides a framework for measuring service quality through tangibles, reliability, responsiveness, assurance, and empathy. The model supports the study's proposition that leadership and innovation influence customer perceptions of service excellence.

Together, these theories suggest that entrepreneurial leadership drives innovation, innovation enhances organizational capabilities, and both contribute to improved service quality and long-term business sustainability.

METHODOLOGY

The study employed a descriptive-correlational research design. Descriptive research was used to assess levels of entrepreneurial leadership, business innovation, and service quality, while correlational analysis examined relationships among the variables. The design was deemed appropriate because it enabled the researcher to describe existing conditions and examine associations among variables without manipulating them.

The respondents comprised 424 participants, including entrepreneurs, employees, and clients from selected retail enterprises in Muntinlupa City. Purposive convenience sampling was used to select participants with direct knowledge and experience regarding the variables under investigation. The respondents included 58 entrepreneurs, 164 employees, and 202 clients.

Data were gathered using a researcher-developed questionnaire validated by experts and subjected to reliability testing. The instrument measured entrepreneurial leadership, business innovation, service quality, challenges encountered, and the suitability, acceptability, and feasibility of the proposed Business Sustainability Framework.

Weighted mean, percentage, Analysis of Variance (ANOVA), and Pearson Product-Moment Correlation Coefficient were used to analyze the data. These statistical tools enabled the researcher to determine respondent assessments, significant differences, and significant relationships among variables.

RESULTS AND DISCUSSION

Profile of the Respondents

The study involved 424 respondents composed of 58 entrepreneurs, 164 employees, and 202 clients from selected retail enterprises in Muntinlupa City. The majority of respondents were affiliated with grocery and sari-sari stores (35.38%), followed by food and beverage establishments (18.16%), mixed retail and general merchandise businesses (7.78%), and hardware and construction supply stores (6.13%). These findings indicate that the retail landscape in Muntinlupa is dominated by small- and medium-sized enterprises offering essential consumer goods and services.

The diversity of retail establishments represented in the study provides a comprehensive perspective on entrepreneurial leadership, innovation practices, and service quality across different business categories. Such diversity enhances the applicability of the proposed sustainability framework across a wide range of retail enterprises operating in urban communities.

Entrepreneurial Leadership of Retail Enterprises

The respondents generally assessed entrepreneurial leadership as evident across all dimensions. Vision and strategic direction, decision-making and initiative, motivation and team empowerment, innovation-driven mindset, ethical and value-based leadership, and adaptability to market challenges were all perceived positively by the three respondent groups. These findings suggest that retail entrepreneurs in Muntinlupa possess leadership competencies that support organizational growth and business continuity.

The positive assessment of entrepreneurial leadership may be attributed to business owners' increasing recognition of the importance of strategic planning, employee engagement, and adaptability in maintaining competitiveness. Entrepreneurial leaders who communicate clear goals, encourage innovation, and empower employees contribute to improved organizational performance and customer satisfaction. These findings support Entrepreneurial Leadership Theory, which emphasizes the role of visionary and adaptive leadership in achieving organizational success.

Business Innovation of Retail Enterprises

Business innovation was likewise assessed positively by the respondents. Product and service diversification, technology adoption and automation, process improvement and efficiency, marketing and branding innovation, human resource development, and customer experience enhancement were all perceived as evident within the participating enterprises. The findings indicate that retail businesses are actively implementing innovative practices to respond to changing market demands and consumer preferences.

The growing adoption of digital payment systems, online marketing platforms, inventory management technologies, and customer relationship management strategies reflects the increasing importance of innovation in the retail sector. These initiatives allow enterprises to improve operational efficiency, enhance customer experiences, and sustain competitive advantage. The findings affirm Schumpeter's proposition that innovation serves as a primary driver of organizational growth and long-term sustainability.

Service Quality of Retail Enterprises

Service quality was assessed as Very Satisfactory, with employees providing the highest evaluation (4.21), followed by clients (3.79) and entrepreneurs (3.73). The overall grand mean of 3.91 indicates that retail enterprises generally provide satisfactory service experiences to customers. The dimensions of tangibles, reliability, responsiveness, assurance, empathy, customer satisfaction, and loyalty all contributed to the positive assessment.

The findings suggest that retail enterprises have established service practices that meet customer expectations. Employees appear committed to delivering quality service, while customers recognize the enterprises' efforts to maintain professionalism, responsiveness, and customer-focused operations. These results support the SERVQUAL Model, which posits that superior service quality enhances customer satisfaction, loyalty, and business performance.

Significant Difference in the Assessment of Entrepreneurial Leadership and Business Innovation

The findings revealed significant differences among entrepreneurs, employees, and clients regarding entrepreneurial leadership and business innovation. The computed F-values exceeded the critical values across all dimensions, indicating varying perceptions among the three respondent groups. Entrepreneurs, employees, and clients possess distinct experiences, responsibilities, and expectations that influence their evaluations of leadership practices and innovation initiatives.

These differences highlight the importance of considering multiple stakeholder perspectives when evaluating organizational effectiveness. While entrepreneurs may focus on strategic and operational considerations, employees and clients evaluate leadership and innovation based on their daily experiences and interactions with the enterprise. Such differences provide valuable insights for improving leadership approaches and innovation strategies.

Relationship Between Entrepreneurial Leadership and Service Quality

The study found very strong to perfect correlations between entrepreneurial leadership and service quality. Correlation coefficients ranged from 0.999 to 1.00, while all computed t-values exceeded the critical value of 2.145, resulting in the rejection of the null hypothesis. These findings indicate that stronger entrepreneurial leadership is associated with higher levels of service quality across all dimensions.

The results suggest that leaders who provide clear direction, empower employees, demonstrate ethical behavior, and adapt effectively to changing conditions contribute significantly to service excellence. Strong leadership influences employee motivation, customer interactions, and organizational culture, ultimately enhancing customer satisfaction and loyalty. The findings support previous studies indicating that entrepreneurial leadership serves as a critical determinant of service quality and organizational sustainability.

Relationship Between Business Innovation and Service Quality

Similarly, business innovation demonstrated very strong correlations with service quality. Correlation coefficients ranged from 0.999 to 1.00, and all computed t-values exceeded the critical value, indicating statistically significant relationships between innovation practices and service quality outcomes.

These findings imply that enterprises that invest in innovation are better able to deliver efficient, reliable, and customer-oriented services. Technological advancements, process improvements, marketing innovations, and customer experience initiatives directly contribute to improved service performance. Innovation, therefore, functions as a strategic mechanism for enhancing customer satisfaction and sustaining competitive advantage in the retail industry.

Challenges Encountered

Challenges Encountered in Entrepreneurial Leadership, Business Innovation, and Service Quality

The respondents assessed the challenges encountered in entrepreneurial leadership, business innovation, and service quality, with an overall weighted mean of 2.28, which is interpreted as **Least Encountered**. Although the findings indicate that retail enterprises in Muntinlupa generally experience minimal operational difficulties, the identified concerns still warrant attention because they may influence long-term business sustainability and competitiveness if left unaddressed.

Challenges in Entrepreneurial Leadership

Among the entrepreneurial leadership dimensions, respondents identified challenges related to maintaining employee motivation during periods of economic uncertainty, adapting to rapidly changing consumer preferences, and balancing innovation initiatives with operational stability. While entrepreneurial leaders demonstrated strong vision, adaptability, and decision-making capabilities, some respondents noted occasional difficulties in sustaining employee engagement, particularly during periods of increased workload and market volatility. These findings suggest that leaders must continually refine their communication, coaching, and empowerment strategies to sustain workforce commitment and organizational resilience.

Another challenge involves succession planning and leadership development. Many small and medium retail enterprises remain heavily dependent on owner-managers for strategic decisions and operational control. Such dependency may create difficulties when businesses attempt to scale operations or transition leadership responsibilities. Consequently, retail entrepreneurs should invest in leadership development programs and establish systems that foster shared leadership and employee participation in decision-making.

The findings support Maija Renko's observations, which emphasize that entrepreneurial leaders must continually balance opportunity-seeking behaviors with organizational stability. Failure to address leadership succession, employee empowerment, and adaptability concerns may affect long-term organizational sustainability.

Challenges in Business Innovation

Although business innovation was generally assessed positively, respondents reported challenges related to financial constraints, technology adoption costs, and resistance to organizational change. Many retail enterprises, particularly micro and small businesses, experience limitations in allocating resources for technological upgrades, digital transformation initiatives, and process modernization. These financial constraints may slow innovation efforts and reduce organizational competitiveness.

Respondents also identified difficulties associated with employee adaptation to new technologies and work processes. While innovation initiatives are beneficial, implementation often requires additional training, capability-building programs, and change management strategies. Employee resistance to change may delay the successful adoption of innovative practices and reduce the expected organizational benefits.

Marketing and branding innovation likewise presented challenges for some enterprises. The increasing use of digital platforms and social media requires specialized competencies, technological resources, and continuous monitoring of consumer trends. Smaller enterprises often struggle to compete with larger organizations that possess greater financial and technological capabilities.

These findings support the theory of Joseph Schumpeter, who argued that innovation requires continuous resource allocation, entrepreneurial commitment, and organizational readiness. Businesses that fail to invest in innovation may struggle to adapt to changing market conditions and customer expectations.

Challenges in Service Quality

Despite the very satisfactory assessment of service quality, respondents reported several service-related challenges. The most frequently cited concerns involved maintaining consistency in service delivery, responding

promptly during peak business periods, and managing increasing customer expectations. Retail enterprises often struggle to maintain uniform service standards, particularly when employee turnover occurs or staffing levels become inadequate during periods of high customer demand.

Another challenge involves balancing operational efficiency with personalized customer service. As customer expectations continue to evolve, businesses are expected to provide faster, more responsive, and more personalized service experiences. Meeting these expectations requires continuous employee training, effective communication systems, and customer-oriented organizational cultures.

Respondents also acknowledged challenges in customer complaint management and in utilizing customer feedback. Although feedback mechanisms exist, some enterprises struggle to systematically analyze customer feedback and translate insights into service improvements. Failure to address customer concerns effectively may negatively affect customer loyalty and business reputation.

These findings are consistent with the SERVQUAL framework developed by A. Parasuraman, Valarie Zeithaml, and Leonard Berry, which emphasizes that maintaining service quality requires continuous attention to reliability, responsiveness, assurance, empathy, and customer expectations.

Implications of the Challenges Encountered

Although the challenges were generally rated as least encountered, the findings demonstrate that retail enterprises must remain proactive in addressing leadership, innovation, and service-related concerns. The rapidly changing business environment, increasing technological demands, and evolving customer expectations require organizations to continuously strengthen their leadership capabilities, innovation practices, and service delivery systems.

The identified challenges further justify the development of the proposed **Business Sustainability Framework**, which aims to strengthen entrepreneurial leadership competencies, promote innovation-driven organizational cultures, enhance employee capabilities, and improve customer service practices. By systematically addressing these concerns, retail enterprises can improve organizational resilience, maintain competitiveness, and achieve long-term sustainability.

The challenges associated with entrepreneurial leadership, business innovation, and service quality were generally rated as Least Encountered, with an overall weighted mean of 2.28. Respondents reported relatively few barriers affecting leadership effectiveness, innovation implementation, and service delivery.

Although challenges were minimal, continuous efforts are still necessary to strengthen ethical leadership practices, improve innovation capabilities, and sustain service excellence. Addressing emerging market trends, technological changes, and customer expectations remains essential for long-term business sustainability.

Proposed Business Sustainability Framework

Based on the findings, a Business Sustainability Framework was developed to guide retail enterprises in enhancing leadership practices, innovation initiatives, and service quality standards. The framework integrates strategic leadership, innovation management, employee development, customer engagement, and continuous improvement mechanisms to promote sustainable business growth.

The framework provides practical guidance for entrepreneurs seeking to strengthen organizational resilience, improve customer experiences, and maintain competitiveness in an increasingly dynamic retail environment.

CONCLUSIONS

Based on the findings of the study, the following conclusions were drawn:

1. Retail enterprises in Muntinlupa are predominantly composed of grocery and sari-sari stores, indicating the significant role of small and medium-sized retail businesses in the local economy.
2. Entrepreneurial leadership practices are evident among retail enterprises, demonstrating the presence of strategic, innovative, ethical, and adaptive leadership behaviors.
3. Business innovation practices are evident and contribute to organizational adaptability, operational efficiency, and customer value creation.
4. Service quality is generally very satisfactory, reflecting positive customer experiences and effective service delivery practices.
5. Significant differences exist among entrepreneurs, employees, and clients regarding entrepreneurial leadership and business innovation, indicating varying stakeholder perspectives.
6. Entrepreneurial leadership exhibits a very strong positive relationship with service quality, confirming its influence on organizational performance and customer satisfaction.
7. Business innovation demonstrates a very strong positive relationship with service quality, highlighting the importance of innovation in achieving service excellence and competitiveness.
8. Challenges associated with entrepreneurial leadership, business innovation, and service quality are generally least encountered, indicating favorable organizational conditions.
9. The proposed Business Sustainability Framework provides a practical and strategic guide for improving leadership effectiveness, innovation capability, service quality, and long-term business sustainability.

RECOMMENDATIONS

1. Retail entrepreneurs should strengthen strategic planning initiatives and regularly communicate organizational goals to employees.
2. Enterprises should continue investing in technology adoption, automation, and digital transformation to improve operational efficiency and customer experience.
3. Employee development programs focusing on leadership, innovation, customer service, and problem-solving skills should be institutionalized.
4. Customer feedback mechanisms should be enhanced to facilitate continuous improvement in service quality.
5. Retail enterprises should develop innovation management systems that encourage creativity, experimentation, and process improvement.
6. Ethical leadership practices should be reinforced through training programs, organizational policies, and performance evaluation systems.
7. Business owners should regularly assess service quality dimensions to identify improvement opportunities and sustain customer satisfaction.
8. The proposed Business Sustainability Framework should be adopted and continuously evaluated to ensure its effectiveness and relevance to changing business conditions.
9. Future researchers may replicate the study in other cities, industries, and business sectors to validate and expand the findings.

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