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# The Impact of a Balanced Scorecard on Enterprise Performance in Ho Chi Minh City, Vietnam

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### ABSTRACT

#### Keywords:

BSC, Strategic management, Management process, Firm Performance, Sustainable development, Vietnam

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This empirical study introduces a combination of financial and nonfinancial performance measurements based on the Balanced Scorecard (BSC) concept for advanced decision science in firm performance management processes. A need exists to confirm the BSC's true value in the management process for achieving firm performance. The suitable sample size for testing this study's model was 265 Vietnamese enterprises, all applying the BSC in their business administration. The data were collected using a questionnaire survey administered to the Vietnamese enterprises in Ho Chi Minh City (HCMC). The information was gathered through a questionnaire survey distributed to Vietnamese businesses in HCMC using a convenience sampling technique. The data was input into SPSS to test the study's model and hypotheses. The study outcomes indicated a significant relationship between BSC usage and the enterprises' performance. When enterprises changed key factors in the BSC, their overall performance level also changed. The study's results also indicated that enterprises' overall performance can have financial and nonfinancial components. Based on the results, the researcher recommends that Vietnamese enterprises can reference and apply the valuable data and knowledge provided by this study to restructure their strategic management. Thus, they could attain higher overall performance in their business, management, operational, and manufacturing sectors.

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Much competition exists among enterprises in the current market, and they must develop sustainability. In recognition of the trends of global integration combined with the current highly competitive environment, it is imperative for enterprises to consider embracing the significant overall changes required to achieve their strategic goals and planned targets. Enterprises are advised to gather and efficiently interpret relevant data on their business

environment (Weissenberger-Eibl et al., 2019). Moreover, it is critical that they incorporate such data into their strategies, as doing so will support them in continuing to develop and achieve sustainability (Nguyen, 2019). Rafiq et al. (2020) proposed that rival competitors provide subtle support for enterprises to work on a sustainable, inimitable, and rapidly adaptable strategic management system that effectively and efficiently improves their performance. By contrast, Benková et al. (2020) stated that enterprises that adopt strategic development can secure additional benefits, minimise risk management, save costs, efficiently manage human resources, and specifically contribute to developing innovative strategies. It is critical for enterprises to improve their overall performance to gain a competitive advantage in current and future markets (Vuong & Rajagopal, 2022). Furthermore, as a result of global economic integration, the economy is growing quickly; thus, more competition exists between businesses in the Vietnamese market as well as globally (Ta et al., 2022). Studies that measure company performance are becoming increasingly important to Vietnamese firms (Le et al., 2021; Ta et al., 2022). To adapt to the current market, they must improve their management process to achieve overall performance in their business activities. The gap in Vietnamese businesses lies in the absence of a systematic performance measurement and management framework. Implementing the BSC can address this gap by providing strategic clarity, improving performance tracking, aligning goals and initiatives, and fostering a culture of continuous improvement. By leveraging the BSC, businesses can enhance their management process and ultimately achieve better overall business performance.

According to Jeong et al. (2022), firms' achievement of firm performance is intimately tied to their long-term development. CEOs and top executives are most interested in long-term development and should consider where to concentrate their firm's skills to accomplish organisational success. The Balanced Scorecard (BSC) has been deemed a primary innovation in recent accounting innovations. It can enhance organisational value by providing senior management with the tools for managing their enterprises more effectively with key organisational processes, resulting in flow-on benefits and promoting the organisation's position within the competitive market and overall company value (Kaplan & Norton, 2001). The BSC comprises a Financial Perspective (FP), an internal business process perspective (hereinafter "IP"), a learning and growth perspective (hereinafter "LG"), and a Customer Perspective (CP). According to Rafiq et al. (2020), increasing levels of BSC implementation can lead to desired organisational outcomes, such as improved performance. The statement emphasizes that applying the BSC can lead to improvements in overall performance for enterprises. However, it does not specify how the BSC achieves this outcome. Therefore, in this study, it would be helpful to explain how the BSC's multi-perspective approach, measurement framework, and strategic alignment enhance overall business performance.

The more effectively a BSC is used within a company, the greater its competitive advantage and overall performance. The BSC system is commonly accepted and implemented in developed economies where high competition exists (Sahiti et al., 2016; Soleyman et al., 2017). According to Tran (2020), the BSC supports firms in reducing costs, increasing revenue, and improving overall performance management. Additionally, there are limitations on business performance in detecting the objective structure based on financial indicators and the requirement to complement the nonfinancial goals in the system of valuation (Tran, 2020). The mention of the need to complement nonfinancial goals in the system of valuation highlights the

importance of aligning performance measures with strategic objectives. The BSC's cause-and-effect relationships and performance targets contribute to a systematic and integrated approach to evaluating and improving overall business performance.

The overall performance of enterprises involves both financial and nonfinancial performance (Nguyen, 2019; Vuong & Rajagopal, 2022). Therefore, Vietnamese enterprises should be concerned with the management of total performance, which considers both aspects. The overall assessment covered both financial and nonfinancial performance. This study applied the BSC model to study the effect of BSC implementation on the performance of Vietnamese enterprises in HCMC to assist them in succeeding and developing sustainability in alignment with global integration trends.

The goal of this study was to determine how the BSC affects business performance in Ho Chi Minh City (HCMC). Most sampled firms were Vietnamese companies using the BSC in their business management. This study used the four perspectives of the BSC, while the overall performance measurement considered both financial and nonfinancial performance. The results of this research may assist policymakers and investors in making decisions on management strategies at the level of performance management practice, which would assist Vietnamese firms in achieving sustainable growth.

## Literature Review

### **The Theory of BSC in Firm Performance**

The Balanced Scorecard can be defined as a management system based on the principles of the management cycle, commonly known as 'plan-do-check-act.' It provides a structured framework for organizations to effectively manage and evaluate their performance across multiple dimensions (Isoraite, 2008). The balanced scorecard theory, developed by Robert Kaplan and David Norton, enables organizations to transform their strategic goals into specific performance objectives, measures, targets, and initiatives. This approach encompasses four interconnected perspectives: finance, customers, internal processes, and employee learning and growth, which are linked together through cause and effect relationships. By utilizing a well-designed balanced scorecard, organizations can evaluate the effectiveness of their strategy by employing a set of interconnected performance measures across these four perspectives.

The BSC has been one of the most prominent strategy implementation and control instruments of the last 75 years, although research findings regarding its influence on company performance have been mixed (Tawse & Tabesh, 2023). Despite the BSC's popularity, empirical data on the usefulness of its implementation are inconsistent, and the total effect of BSC adoption on company performance is unknown. Therefore, a need exists to continue to explore and conduct research to determine whether the value of the BSC is still there and whether it should be a concern for Vietnamese enterprises in the coming years.

Organisations use BSCs to communicate strategy, align day-to-day work with said strategy, and prioritise projects, products, and services. According to Benková et al. (2020), the BSC assists in developing the process of achieving goals, achieving which requires key success factors that have been identified. As previously mentioned, the BSC includes four distinct perspectives: innovation and learning, business, customer, and financial (Kaplan & Norton, 1992). Moreover, the BSC incorporates a set of performance measures that are aligned with an enterprise's strategies (Naguit, 2017; Quesado et al., 2018; Tran, 2020). The BSC is a strategic

planning framework used by enterprises to prioritise their products, projects, and services; convey their aims or goals; and schedule normal operations. Companies may use the BSC to monitor and assess the performance of their plans to determine how well they have performed. Therefore, the BSC is noted to be a process for transitioning visions and significant mission statements into specific actions, providing direction for the enterprise to achieve its nominated strategies and measure its businesses' effectiveness.

According to Kaplan and Norton (1992), the Balanced Scorecard (BSC) theory serves as a strategic management process for communicating and assessing achievements in relation to an enterprise's mission statements and strategies. The BSC is a performance measurement process that translates the enterprise's strategy into concise and defined objectives, measures, targets, and initiatives, which are organised into the following four perspectives: the FP (what the enterprise must accomplish); the CP (how to make customers more valuable); internal business processes (what enterprises must distinguish themselves in); and learning and growth (how enterprises can continue to improve and create value). In addition, the BSC stabilises financial measures with nonoperational measures, which are known as the key drivers of future financial performance (Okoye et al., 2017). Through the BSC, the idea of firm performance is closely tied to strategy implementation (Rafiq et al., 2020). Therefore, the BSC can be understood to assist businesses in developing and implementing specific strategies with clear goals.

The BSC is a management system that allows businesses to comprehend their vision statements and strategies and transform them into finite actions. It also encourages feedback on both internal business processes and results to assist management and administrators in continually enhancing and increasing operational efficiency. If used thoroughly, the BSC will assist in transforming theoretical plans and strategies into a hub for all coordinated activities related to the business.

### **Concept of Firm Performance**

Firm performance has become a significant concern for today's diverse business owners, managers, and accountants in many countries (Al-Naser & Mohamed, 2017). Bahiaa et al. (2019) stated that a firm's performance indicates an organisation's capacity and willingness to achieve the outcomes that it has previously established, as well as gauges the organisation's performance in accomplishing its survival and growth goals. The major target of all enterprises should be aligned with their goals and objectives to achieve maximum profit (Rafiq et al., 2020). Additionally, Rafiq et al. (2020) noted that the concept of an organisation's overall performance is strongly aligned with its implementation strategy through its BSC assessment. Based on the theory of the BSC, enterprises that are active in the new era can adopt the BSC to achieve their overall performance. By acknowledging the need to complement financial indicators with nonfinancial goals, the statement recognizes the significance of a balanced approach to performance measurement. The BSC's inclusion of multiple perspectives, such as customer satisfaction, internal processes, and learning and growth, aligns with addressing these limitations

According to Johnson and Kaplan (1987), firm performance used to be measured through the traditional cost or management accounting process developed in the early 1900s. Prior to the introduction of the BSC, the main tool for assessing a firm's performance was financial metrics (Rafiq et al., 2020). Nonfinancial factors, including development and learning, were

thus disregarded (Rafiq et al., 2020). Financial metrics were primarily concerned with traditional performance management systems; as a result, they failed to recognise the strategic significance of performance management inside the firm and instead led to dysfunctional conflict behaviour (Rafiq et al., 2020). Therefore, the BSC's value lies in its ability to integrate both financial and nonfinancial measures into performance evaluation. By incorporating nonfinancial perspectives such as customer satisfaction, internal processes, and learning and growth, Vietnamese enterprises can better understand their performance beyond just financial results.

Limitations exist if one only focuses on financial performance in the management process; that is, nonfinancial performance must also be included to fully consider the added value in enterprises. Previous accounting measures that only examined financial performance are now seen as unsuitable and irrelevant (Sahiti et al., 2016). Incorporating nonfinancial measures into performance assessments became of increasing interest throughout the 1990s. Financial performance includes the achievement of suitable profits for enterprises (Kaplan & Norton, 1996). Al-Naser and Mohamed (2017) identified that nonfinancial performance measures assist managers in monitoring and assessing the required changes in business environments, determining and assessing progress focused on the enterprise's goals, and achieving performance.

Furthermore, a need exists to add nonfinancial indicators to measure firm performance, such as the satisfaction of employees, advancement of the management process, and learning and growth of employees. According to Nguyen (2019) and Benková et al. (2020), the consideration of nonfinancial indicators positively affects the performance of businesses in an uncertain market environment. Enterprises that measure performance using subjective and objective nonfinancial indicators are seen to increase their performance and focus on the quality of production (mainly those using subjective nonfinancial indicators). Nonfinancial indicators also positively affect managerial performance with clear and decisive tasks within its structure. Enterprises that are focused on their innovations are seen to adopt and implement the nonfinancial indicators of performance (Nguyen, 2019). Therefore, in contemporary management styles, a need exists to balance the overall performance management for the enterprise to reflect its full value and support its sustainable development.

Additionally, the nonfinancial measurement of firms' performance is gaining more credibility and higher levels of support from the business community. The BSC is an example of such a performance measurement tool that has gained popularity in practice and literature (Sahiti et al., 2016). Enterprises are now establishing goals relative to customer satisfaction, product defect rates, lead time to market, and environmental and social responsibility. Such goals are not measured directly by income levels. Enterprises producing poor-quality goods, delivering late, abusing the environment, or generally creating dissatisfaction among their customers will lose market share and be forced out of business. The BSC process is focused on the second perspective. Its objective is to provide a strategic snapshot of managing a business through a vision, mission, and strategies, including measuring performance by incorporating both financial and nonfinancial views.



### **Role of the Financial Perspective in Firm Performance**

The FP is one element of the BSC. According to Rafiq et al. (2020), when considering an enterprise's performance, the FP reveals a significant relationship with its strategy implementation through the use of the BSC, incorporating nonfinancial measures. These factors support the enhancement of the enterprise's performance through motivational factors. The FP includes return on investment, accounts payable and receivable, earnings per share, and operating expenses. Furthermore, the FP is of great assistance in materialising an enterprise's goals and objectives.

According to Naguit (2017), the FP is defined as the measurement of how strategies, implementation, and execution will impact the firm's profitability, growth, and shareholder value. Therefore, the FP helps businesses to determine their profits and financial goals effectively. The overall financial position considers profitability, revenue growth, increased sales, as well as revenue generated by each customer per visit (Al-Naser & Mohamed, 2017). Therefore, the overall financial position can measure, monitor, and identify such financial aspects as business results, increases in sales, and reductions of expenditures for businesses.

Evidently, the financial aspect reveals and emphasises an enterprise's cost efficiency. It supports the ability to provide good value to customers at minimal cost to the enterprise and develops sustainable value for stakeholders. Furthermore, Kaplan and Norton (1992), Lipe and Salterio (2000), and Al-mawali et al. (2010) have noted that fiscal measures have traditionally focused only on profit-related measures (i.e., how shareholders traditionally assess the success of their investments), such as return on capital, return on equity, and return on sales. Thus, this study proposed the following hypothesis:

**H1:** *A positive relationship exists between the FP and a Vietnamese enterprise's performance.*

### **Role of Improved Customer Satisfaction in Improving Firm Performance**

The CP is another part of the BSC. According to Rafiq et al. (2020), a customer's perspective in the BSC reveals positive thoughts about their satisfaction, reinforces customer retention, and promotes customer acquisition. According to Naguit (2017), an enterprise's internal business perspective is relative to the internal decisions and processes that are focused on providing added value for customers.

Customer satisfaction is a key consideration for businesses in this scenario; thus, it is deemed a significant requirement. This concept is focused on the lifetime of products and targets an enterprise's ability to deliver high-quality services and products aligned to customer satisfaction.. If an enterprise's customer satisfaction level is portrayed negatively, its income and profitability will not increase. Alternatively, an enterprise's income and profitability will increase as a result of heightened levels of customer satisfaction related to its products and services (Guidara & Khoufi, 2014). From the CP, the BSC assists in the success of a business strategy by creating value and promoting benefits (Sahiti et al., 2016). Therefore, satisfying and creating value for customers will positively promote the efficiency of a business. Thus, this study proposed the following hypothesis:

**H2:** *A positive relationship exists between the CP and a Vietnamese enterprise's performance.*

### **Role of the IP in Firm Performance**

The IP is also part of the BSC. According to Rafiq et al. (2020), the positive outcomes resulting from adopting internal business processes, such as the BSC, include the functionality of business operations, reworks, and reductions in operational costs. Several studies have defined it as widening the incorporation and coverage of the total internal business process. This suggests that a more comprehensive system of firm performance can contribute to the long-term success of an enterprise.

According to Abueid (2020), the IP is based on internal business processes that lead to customer satisfaction by providing them with added value, which is a vital goal for every organisation, and also to the optimisation of a firm's financial performance. In addition, for the CP of the BSC, one must identify the main processes that the organisation must regularly consider as well as provide added value for the customer and, ultimately, the stakeholders. With this in mind, the BSC emphasises process evaluation and provides a significantly positive impact on strengthening customer relationships and meeting the enterprise's nominated financial goals.

This BSC process facilitates the identification of key processes and guides the development of the most suitable measurements, enabling them to grow to meet the expectations of both customers and shareholders alike, thereby enhancing the enterprise's financial business position. An additional focus is required by enterprises on various issues, such as order processing, manufacturing, delivery, and product development (Al-Naser & Mohamed, 2016; Farooq & Hussain, 2011). To satisfy customers' needs and wants, enterprises can identify and adopt new internal processes, as opposed to only making small improvements to their existing processes. Product development, manufacturing processes, operations, delivery, and after-sales activities must be considered. Thus, the IP plays a significant role in aligning both the FP and the CP to achieve and maintain a high-level performance for enterprises (Al-Naser & Mohamed, 2017). Accordingly, this study proposed the following hypothesis:

**H3:** *A positive relationship exists between the IP and a Vietnamese enterprise's performance.*

### **Role of the LG in Improving Firm Performance**

The LG within firms is another part of the BSC. According to Rafiq et al. (2020), the benefits relative to the learning and growth outcomes of the BSC include research and development, employee morale, and employees' innovative contributions. Identifying the multifaceted concept of learning and growth is imperative to provide satisfaction that matches the ever-demanding and changing requirements of an enterprise's performance.

To gain a competitive advantage in the developing global economy, human resource managers and leaders have begun to use more modern methods that focus on human capital development and performance measurement rather than on traditional management methods that focus on reducing costs, increasing efficiency, and controlling employees (Cignitas et al., 2022). The concept of learning and growth is recognised as a core factor in achieving the successful implementation of the BSC. It assists employees in learning new skills and information systems (Kaplan & Norton, 1996). Furthermore, learning and growth concepts target aspects such as motivation, training, and the capacity to develop specific employees required to implement the enterprise's new strategies.. Enterprises that have strategised to

achieve good results through the development of improved internal processes facilitate measurement identification and internal process innovations. This would reveal gaps in the relationship between the current status of the process and the actual levels required to achieve the goals, in addition to fundamental factors such as worker skill levels and information systems. Once these factors are identified, the developed corrective measures can be implemented to remove gaps to ensure a sustainable future. According to Naguit (2017), the concept of innovation and learning defines and provides measures for how enterprises can innovate their products and processes to increase their market share in the face of intense global competition.

Indicators of learning and growth are linked to the creation of continual progress and improvement in a firm's goods, services, and processes (Nour et al., 2022). Human resource measurements combine diverse factors, such as employee satisfaction, employee retention, employee training, staff skill levels, and organisational structure. Developing and implementing training sessions for employees and management teams will lead to the transition of the enterprise's strategies and visions into key performance indicators. A study demonstrated that when employees are satisfied with their jobs, their productivity levels increase, resulting in a positive attitude toward customers, greater positive acceptance and use of internal procedures, and ultimately increased financial returns for enterprises (Al-Naser & Mohamed, 2016). Furthermore, the structured improvement of employees' qualifications is an essential factor in pleasing employees and promoting the growth of a business. It also supports employees in being more creative and focused on developing added value for the business.

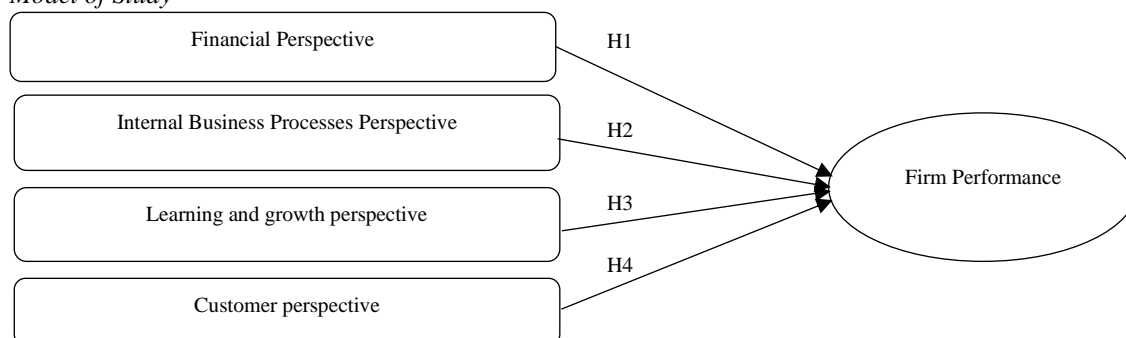
According to Kaplan and Norton (1992), an enterprise's innovative ability, the enhancement of its LG to assess its employees' abilities (skills, knowledge, and training), the quality of information systems (e.g., systems and networks), and the effects of organisational alignment (e.g., culture, leadership, and teamwork) will support the achievement of its objectives. These factors have a significant impact on an enterprise's performance. Thus, this study proposed the following hypothesis:

**H4:** *A positive relationship exists between LG and a Vietnamese enterprise's performance.*

In conclusion, the conceptual framework of this study was used to test the role of the BSC in Vietnamese enterprises' performance. Four hypotheses based on the BSC were tested, covering the FP, CP, IP, and LG, all of which were predicted to have a significant relationship with enterprise performance. This study's conceptual framework is displayed in Figure 1:

**Figure 1**

*Model of Study*





## Method

### Overview of the Research Design

A BSC is a set of latent independent factors that contribute to firm performance as a dependent variable. The concept of firm performance is also discussed by Vuong and Rajagopal (2022), who indicate that firm performance needs to include both financial and nonfinancial measures. The value lies in recognizing that financial measures do not solely determine firm performance but requires a broader assessment. By considering both financial and nonfinancial aspects, the BSC provides a more holistic and accurate representation of an organization's overall performance.

It is necessary to implement the BSC in firm performance management. Kaplan and Norton (1992) defined the Balanced Scorecard (BSC) as a strategic management process that enables the communication and evaluation of accomplishments in relation to an organization's mission statements and strategies. The following five dimensions for the BSC were identified: the demographic profile, financial, customer, internal process, and learning and development dimensions. To obtain information for different parts of the study, a research tool was created based on a thorough review of the literature.

The dataset includes information from Vietnamese enterprises in Ho Chi Minh City, covering 2021 to June 2023. Before the data collection, the researcher filtered the data to select suitable samples. Missing and unsuitable data were removed to isolate only the suitable outcomes. SPSS 20.0 was applied to analyse the data. In the findings section, the results of the data analysis are presented. There were four key phases of the data analysis: (1) Cronbach's alpha testing, (2) exploratory factor analysis (EFA), (3) multiple regression analysis, and (4) analysis of variance. Based on the four phases of the study, the findings are provided, along with conclusions and recommendations.

### Measurement Scale

Experts assessed the questionnaire and provided input that was then applied to the study. After the required changes were made, senior experts were asked for feedback since they were more aware of how to apply the BSC in enterprises. The experts were selected because they had studied the BSC or possessed experience and had applied the BSC in corporate governance. The selected scale was used in the research and data survey with Vietnamese enterprises. An overview of the experts is provided in Table 1, and Table 3 presents the measurements used for the variables.

**Table 1**

*Overview of the Experts*

Informants	Job title	Qualification	Years of work experience
Expert 1	Vice-president		More than 7
Expert 2	General accountant	Bachelor of arts in accounting	9
Expert 3	General accountant	Bachelor of arts in accounting	15
Expert 4	Lecturer	MBA	More than 10
Expert 5	Lecturer	Associate Professor Doctor	More than 10

### Data Collection Method

This section presents the methodology, data collection method, and types of sampling techniques used in this study to analyse the relationship between the BSC and enterprise

performance. The information was gathered through a questionnaire survey distributed to Vietnamese businesses in HCMC using a convenience sampling technique.

A total of 300 questionnaires were initially distributed, and 282 questionnaires were finally collected. Missing data and respondents who responded neglectfully were removed and not examined. Finally, 265 data samples were deemed suitable to test the study's model. [Table 2](#) presents detailed results of the survey of Vietnamese enterprises in HCMC:

**Table 2**

*Results of the Survey of Vietnamese Enterprises in HCMC*

Description		Number (n)
Number of papers distributed		300
Number of papers collected		282
Results	Number of suitable data samples	265
	Number of unsuitable data samples	17

The samples selected for the research were Vietnamese enterprises implementing the Balanced Scorecard (BSC) in their business administration and planning to continue its application. In addition, this study collected data and solicited opinions from enterprises, including those that had never implemented the Balanced Scorecard (BSC) in their business management but intended to apply it in the future. Furthermore, this study used a Likert scale ranging from (1) strongly disagree to (5) strongly agree, while enterprises' performance was measured using a Likert scale ranging from (1) least effective to (5) most effective.

The instrument's reliability and validity were established using factor analysis and Cronbach's alpha calculations. The Cronbach alpha was more than .70 for the full instrument and each construction. Variables with low factor loadings (less than .40) were removed from the questionnaire.

[Table 3](#) presents the respondents' demographic profile, including their gender, age, qualification, and position in the company. It also presents the various representatives in different areas of the corporation. The total sample size for this study was 265 individuals, representing 100% of the respondents.

**Table 3**

*Demographic Profile of the Sample for this Study*

		Frequency	Percentage	Valid Percentage	Cumulative Percentage
Gender					
Valid	Male	168	63.4	63.4	63.4
	Female	94	35.5	35.5	98.9
	Other	3	1.1	1.1	100.0
	Total	265	100.0	100.0	
Age					
Valid	25–30	25	9.4	9.4	9.4
	31–40	87	32.8	32.8	42.3
	41–50	90	34.0	34.0	76.2
	Above 51	63	23.8	23.8	100.0
	Total	265	100.0	100.0	
Qualification					
Valid	Certificate	10	3.8	3.8	3.8
	Diploma	16	6.0	6.0	9.8
	Bachelor	192	72.5	72.5	82.3
	Master	36	13.6	13.6	95.8
	Doctorate	11	4.2	4.2	100.0
	Total	265	100.0	100.0	
Position in enterprise					
Valid	CEO	112	42.3	42.3	42.3
	CFO	75	28.3	28.3	70.6
	CCO	30	11.3	11.3	81.9
	CMO	48	18.1	18.1	100.0
	Total	265	100.0	100.0	

## Measurement of Variables

Table 4 presents the measurements used for the variables: By regularly reviewing and updating their strategic objectives, measures, and targets, organizations can ensure they remain aligned with market trends and customer demands, leading to improved overall performance and sustainability. In addition, experts were interviewed to discuss the measurement scales for factors included in the Balanced Scorecard's multiple perspectives, such as customer satisfaction, internal processes, and learning and growth.

**Table 4**

### Measurement of Variables

Financial Perspective (FP)	Codes	Measurements
	FP1	Our enterprise is constantly seeking suitable planning to increase profits.
	FP2	Our enterprise utilises financial resources well.
	FP3	Our enterprise has a solid financial plan.
	FP4	There is an analysis for optimal finance in our enterprise.
	FP5	Administrative and operation costs are effective in our enterprise.
	FP6	Our enterprise's cost minimisation policies are effective.
Internal Business Processes Perspective (IP)	Codes	Measurements
	IP1	The internal process improves our enterprise's performance.
	IP2	The internal process adapts to improve customer service delivery.
	IP3	Sales processes are effective within our enterprise.
	IP4	Employees are often given the opportunity to challenge existing processes.
	IP5	Our enterprise continuously improves its responsiveness to customers.
	IP6	Our enterprise is serious at measuring continuous improvement in the process flow.
Learning and growth perspective (LG)	Codes	Measurements
	LG1	Our enterprise has continuous belief and invests in its people.
	LG2	A budget is set for employee development.
	LG3	Our enterprise is willing to support and invest in its employees to adapt to future challenges.
	LG4	Employees are satisfied with their professional development in our enterprise.
	LG5	Leaders and managers in our enterprise encourage employees to pursue their studies.
	LG6	Employee innovation is encouraged by our enterprise.
Customer perspective (CP)	Codes	Measurements
	CP1	Our enterprise strives to improve its market share.
	CP2	Our enterprise strives to improve its service and delivery.
	CP3	Customers are satisfied with the current business solution.
	CP4	A regular survey is conducted to assess customer satisfaction with our enterprise to improve the quality of its goods and services.
	CP5	There has been a reduction in the percentage of returned shipments related to poor quality within our enterprise over the last 3 years.
	CP6	There has been a reduction in the number of customer complaints in our enterprise.
Performance (P)	Codes	Measurements
	P1	There has been an increased return on equity for our enterprise within the last 3 years.
	P2	There has been an increase in operating profits for our enterprise within the last 3 years.
	P3	Internal process management is effective with the operation/business and manufacturing sector.
	P4	Year to year, there is an effective training programme for attaining the latest skills for its employees
	P5	Year to year, there has been an increase in the customer base number.
	P6	Our enterprise has done better overall in the past 3 years.

The outcomes were determined relevant to the hypotheses proposed based on BSC theory and subsequently verified with statistical methods. This section has targeted topics related to issues of enterprise performance management and its measurement. The questions were related to the use of both financial and nonfinancial performance indicators with an emphasis on applying the BSC methodology.

## Results

Table 5 indicates that all five variables' Cronbach's alpha exceeded .70. Additionally, the corrected item–total correlation of the output exceeded .50. Therefore, all variables achieved the required standard.

**Table 5**

*Cronbach's Alpha for All Factors*

Factors	Cronbach's alpha
Financial perspective (FP)	.82
Customer perspective (CP)	.84
Internal business process perspective (IB)	.85
Learning and growth perspective (LG)	.76
Performance (P)	.81

The EFA was run and processed five times. Several observed variables did not meet the required standard (FP2, LG1, FP3, and FP1). They did not qualify because the factor loadings applied were less than .30. A need, therefore, existed to remove these variables (FP2, LG1, FP3, and FP1) before the next step of the statistical analysis was applied.

The Kaiser–Meyer–Olkin and Bartlett's test of components was .91,  $p < .01$ ; all factors had Eigenvalues  $>1$ . The cumulative percentage was 58.91%, so  $> 50\%$  met the required standards. With the applied extraction method of principal component analysis and varimax rotation through assigning the factors to be extracted, the results were 58.91% of changing four extracted factors, as explained by observing variables (components of factors). After applying the extraction method and varimax rotation by assigning the factors to be extracted, the groups were divided as follows:

FP, which had three items (FP4, FP5, and FP6); CP, which had six items (CP1, CP2, CP3, CP4, CP5, and CP6); IP, which had six items (IB1, IB2, IB3, IB4, IB5, and IB6); LG, which had five items (LG2, LG3, LG4, LG5, and LG6); and Vietnamese enterprise's performance (P), which had six items (P1, P2, P3, P4, P5, and P6).

### Verifying the Model and Hypotheses

As noted from Cronbach's alpha and EFA results, the main research model comprised four dimensions that affect the effectiveness of Vietnamese enterprises in HCMC. The regression model was formulated as follows:

$$\text{Enterprise performance (P)} = \beta_0 + \beta_1 \text{FP} + \beta_2 \text{CP} + \beta_3 \text{IB} + \beta_4 \text{LG} + \sigma$$

### Evaluating the Multiple Regression Model's Suitability

As Table 6 indicates, the adjusted R-value was .55. This was  $> .5$ , which meant that the study model was significant. Furthermore, a significant relationship existed between the independent and dependent variables. The multiple regression model was designed to fit 55% of the data of Vietnamese enterprises in HCMC, which was altered because of the modifications of the independent factors relating to the four perspectives of the BSC. The remaining 45.04% was due to other factors.

**Table 6**  
*Evaluating the Suitability of the Multiple Regression Model*

Model Summary <sup>b</sup>					
Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate	Durbin-Watson
1	.74 <sup>a</sup>	.55	.55	.31	1.53

Note. a. Predictors: (Constant), LG, CP, FP, IB; b. Dependent Variable: P

It was necessary to verify F to determine the suitability of the multiple regression model. This analysis assisted the researcher in identifying whether the dependent factors correlated with all the independent factors.

H0 was as follows:  $\beta_j = \beta_1 = \beta_2 = \beta_3 = \beta_4 = 0$

If H0 was rejected, it would determine that the independent factors in the model could explain the modification of the dependent factor. The built model was deemed suitable with all of its variables. Table 7 indicates that the significant value was very small at .000 (0.05), and thus, H0 was rejected. This demonstrated that the cooperation of independent factors could explain the changing of dependent factors. The linear regression model was built both suitably and usefully, with a reliability of 95%.

**Table 7**  
*Verifying the Suitability of the Multiple Regression Model*

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	p
1 Regression	32.73	4	8.18	81.63	.000 <sup>b</sup>
Residual	26.06	260	0.10		
Total	58.79	264			

Note. a. Dependent Variable: P; b. Predictors: (Constant), LG, CP, FP, IB

As Table 8 indicates, as the independent variables had a coefficient of VIF < 2, multicollinearity did not occur. The significance level was .000 (.05); therefore, all hypotheses (H1–H4) were accepted in this study; the linear regression model was built suitably with 95% reliability. The final results of the research model were as follows:

$$\text{Enterprise performance (P)} = \text{FP} \times 0.428 + \text{CP} \times 0.177 + \text{IB} \times 0.173 + \text{LG} \times 0.128.$$

The final results of the study provided evidence for the following: the strongest influencing factor that affects Vietnamese enterprise performance is the FP ( $\beta = .42$ ); the second strongest is the CP ( $\beta = .17$ ); the third strongest in the IP ( $\beta = .17$ ); and finally, the fourth strongest is the LG ( $\beta = .12$ ). The overall results indicated that the BSC has a significant effect on the performance of Vietnamese enterprises.

**Table 8**  
*The Coefficients*

Mode	Unstandardised Coefficients		Standardised Coefficients	t	p	Collinearity Statistics	
	B	Std. Error	$\beta$			Tolerance	VIF
1 (Constant)	.75	.16		4.59	.000		
FP	.36	.04	.42	7.87	.000	.57	1.73
CP	.15	.04	.17	3.34	.001	.60	1.65
IB	.15	.04	.17	3.17	.002	.57	1.74
LG	.12	.04	.12	2.47	.014	.63	1.58

Note. a. Dependent Variable: P



## Discussion

According to Tran (2020), the BSC is a common management technique that helps businesses translate their vision and strategy into specific short- and long-term goals and measurement techniques. BSC serves as a global management assessment tool, presenting potential avenues for research and emphasizing its managerial implications (Lee et al., 2023). In addition, the outcomes of this study indicated that the BSC has a significantly high impact on Vietnamese enterprises. If they changed just one of the four perspectives of the BSC, they would receive enhanced benefits for their overall performance management.

Among the four perspectives of the BSC, the FP is the most significant factor affecting Vietnamese enterprise performance ( $\beta = .42$ ). According to Tran (2020), the long-standing sustainable value development process has been financially motivated for many years. The BSC model begins with financial objectives and interpretation. Therefore, based on the outcomes of this study, enterprises require high levels of focus to enhance their financial resources. The following are several other key indicators that Vietnamese enterprises must improve to enhance their overall performance: the constant development of suitable plans to increase profits; efficient use of their financial resources; preparation of a solid financial plan; optimisation of finance; effective administrative and operational costs; and development and implementation of effective cost minimisation policies for enterprises.

Based on the results of this study, the CP is the second most significant factor that impacts the performance of Vietnamese enterprises ( $\beta = .17$ ). Value propositions, according to Tran (2020), are characteristics of goods and services intended to satisfy customers. Due to this problem, Vietnamese businesses should focus on enhancing and improving customer satisfaction. Several key elements that Vietnamese businesses must consider are the improvement of service delivery; development of clear business solutions; improvement of the quality of goods and services; lowering the percentage of shipments returned due to poor quality; and improvement of solutions for customer complaints. Additionally, employees should be trained in customer service skills and techniques. They should respond quickly, make interactions personal, use positive language, be proactive, ask for feedback, reward loyalty, and ensure that customers have good experiences that will provide good service for customer's satisfaction.

Internal business processes are the key sources of firm performance. Das (2019) suggests that the implementation of the Balanced Scorecard (BSC) allows companies to enhance the alignment of their organizational structure with strategic objectives. The third strongest influencing factor is the IP ( $\beta = .17$ ). The BSC should be used as a tool to channel the potential of individual performers, teams, and process-level operations through the creation of an inspiring and creative work environment, which is the cornerstone and basis for the BSC's successful implementation (Gelan, 2020). Additionally, internal processes were the third most powerful factor affecting Vietnamese enterprises in this study. Based on the study's outcomes, Vietnamese enterprises must focus on this issue to improve the role of internal processes, thus enhancing their overall performance management. The four key issues that Vietnamese enterprises must focus on are the adaptation of internal processes to improve service delivery; the definition of an internal sales process, which must be effective; continuous improvement and responsiveness to customers; and the measurement of continuous improvement in the overall process flow.

The LG was the fourth most powerful factor affecting the performance of enterprises based on this study's results ( $\beta = .12$ ). Learning and growth in an enterprise increase its value and competitiveness as well as the efficiency and effectiveness of all resources. Additionally, Jeong et al. (2022) indicated that the perspectives of learning and growth have statistical importance for a firm's financial performance. Therefore, an enterprise must believe and invest in its employees as well as be concerned with employee well-being, organisational commitment, and the potential to boost organisational productivity. Vietnamese enterprises must consider and focus on several elements. Specifically, they must develop a budget that incorporates their employees' development and be willing to invest in their employees to meet challenges into the future; furthermore, leaders and managers must encourage their employees to pursue their respective studies. The innovation of employees should be encouraged by management to support them in specific tasks, thereby enhancing the overall performance of Vietnamese enterprises.

Finally, the role of financial performance is critical in achieving the desired profits. However, when testing the model of study, the results indicated that nonfinancial performance also provides a critical benefit to developing enterprises. To develop and provide sustainability, consideration is required for both financial and nonfinancial performance. This will reflect the total performance values for Vietnamese enterprises.

## Conclusion

According to the analysis and results of this study, the senior management of Vietnamese enterprises should employ the BSC as a strategic management system since it affects enterprise performance and enterprises are increasingly attempting to cope with sustainable development. Additionally, the results from the multiple regression model demonstrated that the four perspectives – FP, CP, IP, and LG – all have a significant relationship with enterprise performance. If Vietnamese enterprises seeking additional performance were to change just one of the four factors, the result would be a significantly positive change in their performance.

This study's findings revealed some management implications for businesses, investors, and policymakers. The BSC is especially useful for strategic management in Vietnamese firms, which should evaluate both nonfinancial and financial elements of their firm performance to achieve long-term success. This research also adds to the performance measurement and BSC literature by demonstrating the BSC's ability to boost Vietnamese firms' performance.

## Limitations and Recommendations for Future Research

This study had some limitations. First, due to the limited available time and other objectives, this study collected data and solicited opinions from enterprises, including those that had never applied the BSC in their business management; therefore, in some cases, the viewpoints were provided with confidence but were still limited. Second, there was a lack of available comparisons for the study. This study was only able to conduct research generally on enterprises but not separate industries, which would provide specific solutions for each specific industry within the Vietnamese enterprise sector. Finally, this study restricted the collection of data to HCMC only. It did not consider an overview of the whole of Vietnam.

In the future, researchers may also examine how the BSC affects other operational levels, such as the top, middle, and operating levels, to determine how much each level is affected. Additionally, future practitioners and researchers could rely on this study to research specific industries to compare and offer specific solutions for each industry when applying the BSC in management activities, management, and business. Prospective researchers could also study many different regions to determine how the application of the BSC differs between geographical regions and cultures and then offer appropriate solutions for each geographical region for Vietnamese businesses.

## Declarations

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