

The Role of the Balanced Scorecard (BSC) and the Mediating Effect of Entrepreneurial Innovation (EI) on Performance of Vietnamese Enterprises

Tra Thi Thao, Le Thi Minh Nguyen*
HUTECH University, Vietnam

KEYWORDS

Balanced Scorecard, BSC, Entrepreneurial innovation, Financial perspective, Vietnam.

ABSTRACT

This study aims to analyze the influence of Balanced Scorecard on firm performance and the role of Entrepreneurial Innovation as a mediator in the process for firms in Vietnam. Data from a survey conducted by enterprises operating in HCMC will provide an opportunity to empirically test the relationships proposed in the conceptual model. The approach of this study is quantitative, based on a convenience sampling approach to data collection. Structural Equation Modeling (SEM) was employed to test the direct influence of the basic dimensions of BSC-Customer Perspective (CP), Financial Perspective (FP), Internal Process (IP), and Learning and Growth (LG) on EI and, in turn, on FIP. Results from this study would imply that firms, by adopting the BSC framework, can improve their innovative ability, thus leading to better performance outcomes. Furthermore, the study highlights the crucial mediating role of EI, demonstrating that innovation-based strategies are very instrumental in ensuring the creation of sustainable competitive advantages. The study argues that there should be a balance in the use of EI in the appraisal system to ensure the long-term success of any organization. Hence, these findings will be instrumental for managers, policy formulators, and researchers in enhancing firm performance through structured innovation strategies.

1. Introduction

Rapid changes in technology and markets dynamics are compelling organizations to increasingly rely on strategic performance management tools to improve their effectiveness and ensure survival in a competitive environment. The Balanced Scorecard has emerged as a leading framework that goes beyond financial measures and incorporating customer, internal business process, and learning and growth dimensions in a unified system of performance indicators (Kaplan & Norton, 1996). Through the

use of Business Scorecard, top management team can clearly define the desired outcomes for the organization and the determinants of those outcomes, enabling employees at all levels to align their efforts and skills with the organization's long-term goals (Tawse & Tabesh, 2023). Although some studies posit that the implementation of the BSC improves the alignment of organizational goals and facilitates better decision-making, empirical research on the relationship between the implementation of the BSC and company performance remains mixed and, therefore, scant in direct effect research. As a

*Corresponding author. Email: ltm.nguyen@hutech.edu.vn

<http://doi.org/10.61602/jdi.2026.87.11>

Submitted: 28-Apr-2025; Revised: 31-May-2025; Accepted: 30-Jun-2025; Online first: 2-Jan-2026

ISSN (print): 1859-428X, ISSN (online): 2815-6234

result, scholars have continued to investigate more sophisticated direct effects of the BSC.

The Balanced Scorecard is a framework that facilitates integration by ensuring each organizational unit aligns its operations to meet the requirements of overall strategy and objectives (Zazueta Salido et al. 2019). To be successful in the dynamic global market and meet increasingly demanding customer needs and expectations, it is imperative for organizations to be innovative and creative (Çağa et al., 2024). Moreover, a salient driver in uncertain markets is the entrepreneurial innovation of new ideas and solutions that a firm can create. The fourth perspective of the balanced scorecard (BSC), learning & growth, which focuses on employee development and the setting of an effective organizational climate, should, in practice, foster creativity. Therefore, the internal process perspective of the BSC can also be instrumental in motivating innovative operational practices. Thus, the BSC can enhance performance indirectly through the development of a working atmosphere that supports creativity. The existing literature has adequately outlined discussions of the BSC and, at another point, innovation at the workplace. The BSC with firm performance or any mediating variable such as efficiency in operations and employee satisfaction is not clear on one aspect, which is how Entrepreneurial innovation intervenes as a mediating mechanism.

In today's dynamic business environment companies perform different management practices to achieve a competitive advantage in their markets (Mahboub & Ghanem, 2024). Performance appraisal is essential for all firms, especially firms in transition (Bshayreh et al., 2024). This study aims to address an existing research gap by evaluating how Entrepreneurial innovation interacts with the relationship between the BSC and firm performance. Specifically, we integrate insights from strategic management and innovation studies into a novel framework that positions creativity as the central linkage between the multidimensional evaluation embodied in the BSC and actual performance effects. By uncovering previously underexplored and causal mechanisms, the findings contribute to academic discourse and offer practical value to managers by demonstrating how they can use the balanced scorecard to direct their innovative activities.

2. Theoretical framework

2.1. Theory of Balanced Scorecard

Norton and Kaplan (1992) introduced the Balanced Scorecard, whose primary goal is to help an organization articulate its vision and strategy in concrete terms of objectives and measurable performance indicators. Furthermore, the BSC has been widely recommended

for its broad applicability, especially when combined with continuous improvement practices (Kopecka, 2015). Unlike traditional performance measurement systems, which focus on financial metrics, the Balanced Scorecard integrates the perspectives of the four major areas: finance, customer, internal business processes, and learning and growth. This type of balanced structure enables organizations to align short-term tactical efforts with long-term strategic goals, thereby offering a comprehensive and integrated view of performance.

There are four main perspectives in the framework of the Balanced Scorecard: customer, internal business processes, innovation/learning, and finance. The implementation of these perspectives ensures balance, considering both short- and long-term performance, results for both internal and external parties, integrates financial and non-financial metrics, and the consideration of different stakeholder groups (Benková et al. 2020). Moreover, between the dimensions, the BSC allows a compromise between short-term and long-term measures applied to the "lag" indicators that translate profitability and value for shareholders and the "lead" indicators related to customer satisfaction and market position. The BSC aligns internal business processes with the firm's innovation capabilities and learning potential, emphasizing the importance of human capital, organizational culture, and an innovation-friendly environment. This integration makes the BSC a good framework for assessing and improving general organizational performance.

Recent research has expanded the BSC'S scope beyond performance measurement and highlighted its role in strategic communication, organizational alignment, and continuous learning (Kaplan & Norton, 1996; Hoque, 2014). Its broad adoption in different industries is indicative that the BSC adds value by improving decision-making, optimizing resource allocation, and effectively executing strategic initiatives.

2.2. Firm Performance

Performance measurement through the Balanced Scorecard reflects accurate information about the strategies and goals of any organization in connection with their overall performance. A key advantage of this framework lies in its ability to guide the allocation of resources - whether abundant or scarce - should be allocated, by offering the organization a structured approach to effectively manage, distribute, and utilize resources across various functions (Moller and Schaltegger, 2006). It leads to the proper application of the Balanced Scorecard in strategic management and resource efficiency. It also enables firms to become more informed, assisting them to meet their objectives in business. This approach also motivates employees

to work towards personal and organizational goals (Shalini, & Venkatesh, 2022).

Functions management in different parts of management science is typically categorized into three main domains including finance, management, and control. Performance of a firm may be established and analyzed based on objective criteria, which may be supplemented by individual assessments including customer satisfaction and managerial evaluation (Çağa et al. 2024). Moreover, the Balanced Scorecard as added above is truly an effective strategic tool in monitoring as well as managing company performance because it comprises financial and non-financial measures that can give a more balanced picture of the organization's performance. The BSC enables firms to align their business strategies with clearly defined goals across four main dimensions: financial, customer, internal processes, and learning and growth. Its grasp on this wide array of aspects helps companies track their long-term target approach, enhance resource allocation decisions, and enhance operational efficiency. Aligning employee action with organizational goals not only fosters cohesion but also raises the overall performance level. Such systematic follow-up also ensures that companies retain their focus on their strategic objectives.

2.3. Entrepreneurial Innovation

Entrepreneurial innovation is the ability of a firm to generate new and useful ideas, methods, and solutions to foster creativity that drives invention and enhances competitive advantage. It helps in building flexibility and development, especially in rapidly evolving and challenging markets. Leadership, organizational culture, resource availability, and structural support play a role in stimulating creativity through the initiation of experimentation as well as collaboration and risk-taking at an organizational level.

Innovation is defined as the application of creative ideas and the exploration of new technologies or methods to enhance existing systems and generate value for businesses (Al-Kalouti et al., 2020). Empirical evidence across various studies supports the fact that creativity in organizations can improve problem-solving, help produce new products, and enhance operational efficiency. Another study proved Entrepreneurial Innovation as the precursor to Innovation, which is very essential for sustaining long-term firm performance. The relationship between creativity and performance is multifaceted and could be moderated by variables such as corporate culture, strategic alignment, and resource allocation.

While several researches have looked at how Balanced Scorecard relates to firm performance, relatively few studies have focused on the role of Entrepreneurial innovation as a mediating factor.

Creativity may be the critical link between BSC and firm performance by translating strategic objectives into innovative practices and solutions. For example, the BSC relies on the acquisition of human resources and organizational capacity, elements that are essential for fostering creativity (Kaplan & Norton, 1996).

Creativity enhances the effectiveness of the balanced scorecard in achieving strategic goals because it encourages the generation of new ideas and ways. An organization fostering a creative culture can initiate the experimentation of new processes or technologies that will improve the operational efficiency and hence the level of customer satisfaction, which will contribute to overall firm performance. Creativity also helps a firm adjust to changes in the business environment by devising innovative solutions and taking advantage of new opportunities which are critical to staying ahead of the competition.

Empirical evidence has supported the notion that companies with high levels of creativity tend to be better equipped to leverage strategic methodologies such as the BSC to improve performance (Martín-de Castro et al., 2013). Although this relationship requires more in-depth analysis, the mediating role of Entrepreneurial innovation is particularly significant in different organizational and cultural contexts.

2.4. The Relationship Between Balanced Scorecard and Entrepreneurial innovation toward Firm Performance

Using the Balanced Scorecard perspective can identify of strengths and weaknesses of a firm, allowing timely intervention that leads to improvement of the overall performance (Bshayreh et al. 2024). This is a measure that has been extensively studied for its impact on the performance of firms. Substantial evidence from research has supported the notion that its implementation can improve both financial and non-financial. By providing a structured framework that links strategic goals with day-to-day operations, the BSC increases organizational clarity, coordination, and accountability, three critical factors in ensuring a competitive advantage and high performance.

Innovation refers to the successful transformation of new ideas and knowledge into products, services, or processes that generate value for a business (Chong et al. 2019). Moreover, the BSC also has a significant impact on stimulating Entrepreneurial innovation. The dimensions- financial, customer, internal processes, and learning and growth – form a composite measure that encourages companies to embrace innovation, experiment with new ideas, and continuously improve their strategic approach. Firms that incorporate innovation into their BSC model inspire the staff to explore new solutions and add value in novel ways, thereby creating a culture of continuous development.

In turn, the existence of such fresh solutions and value-adding possibilities fosters even more creativity.

The role of financial perspective on Entrepreneurial innovation toward Firm Performance: The financial aspect concerns how effectively a business applies its resources in generating income, which acts as a major reflection of its economic health. Several financial indicators considered in this context include total income, net assets, source of revenue, and expenditure saved (Raval et al., 2019). Financial performance indicators are very important for entrepreneurial innovation since they have a big influence on firm performance. A firm with a favorable financial position can invest funds in the research and development of both products and technologies. Good financial management makes a company sustainable and, therefore, able to take strategic risks and seize opportunities in the new market. Financial strength improves operational efficiency which, in turn, allows for scalability and further enhancement of competitive attractiveness. Business angels and venture capitalists have an additional preference for companies that are more financially stable. Thus, a well-structured financial strategy does not just have a role in entrepreneurial innovation but also improves firm performance by ensuring continuous development in terms of growth, profitability, and market flexibility.

The role of customer perspective on Entrepreneurial innovation toward Firm Performance: Enterprise performance can be achieved by executing business strategies that focus on meeting customer needs and ensuring satisfaction (Bekata et al., 2024). Customer perspective becomes very relevant in entrepreneurial innovation. It has a major impact on firm performance. By understanding needs and preferences, firms can create value through the innovation of products and services, thereby leading to increased satisfaction and loyalty on the part of the customers. Market adaptability, achieved by being sensitive to changing trends and demands results in better performance. Good customer experience builds positive brand image that leads to higher sales and a better competitive position in the market. Furthermore, active customer participation through feedback and interactions, contributes to continuous improvement and uniqueness of the products. Ultimately, the customer perspective in entrepreneurial innovation leads to better firm performance by increasing market presence, customer loyalty, and long-term development.

Operational efficiency enables managers to uphold and enhance organizational standards, ensuring continuous improvement and optimal performance (Ta et al. 2022). **The role of internal business perspective on Entrepreneurial innovation toward Firm Performance:** The internal business perspective is key to business change, greatly impacting company results. Streamlined internal operations, effective

leadership teams, and an innovation-oriented culture help firms create and use fresh thoughts well. A well-structured environment promotes collaboration, employee productivity, and supports more effective decision-making, that would improve competitive advantage. Moreover, focusing on worker growth and adopting advanced technologies boosts a company's ability to create and adapt to changing market needs. Strengthening internal capabilities helps firms improve productivity, reduce operational costs, and enhance overall performance. Ultimately, a strong internal business process perspective fosters sustainable growth, successful innovation outcomes, and long-term profitability

The role of Learning & growth perspective on Entrepreneurial innovation toward Firm Performance: Organizational learning reflects the extent to which a firm acquires and disseminates information on changes in the market, consumer preferences, competitor actions, and technological advancements to develop superior products and services (Ferreira et al. 2021). In addition, the learning and growth perspective is essential to fostering entrepreneurial innovation and has a significant impact on business performance. Continuous learning, employee development, and effective knowledge management are critical in cultivating an innovative culture that enables firms to respond to dynamic market demands. Investing in training programs and new technologies fosters creativity, problem-solving abilities, and operational efficiency. Also, in an innovation-oriented culture, this investment also helps to support idea generation and strategic thinking. The learning and growth perspective emphasizes the ways in which organizations can remain competitive, be adaptive, and be able to achieve long-term success. These efforts strengthen the potential for innovation, which drives sustained business performance and growth.

But the extent to which the BSC contributes to firm performance depends on how effectively it is integrated into an organization's strategic planning system and operational routines. Companies that see the BSC as a flexible, knowledge-based tool are likely to experience sustained performance improvements than those that treat it merely as a static measurement system. By taking on an adaptable and change-focused method, firms can boost their speed in shifting settings, deal with new issues early on, and sustain success over time. Hence, based on the above framework of BSC and related study, the hypotheses have developed:

H1: There is a positive effect of financial perspective on Entrepreneurial innovation towards firm performance.

H2: There is a positive effect of Customer perspective on Entrepreneurial innovation towards firm performance.

H3: There is a positive effect of Internal business process on Entrepreneurial innovation towards firm performance.

H4: There is a positive effect of Learning & growth perspective on Entrepreneurial innovation towards firm performance.

2.5. The relationship between Entrepreneurial innovation and Firm Performance

Entrepreneurial innovation creates a flexible, efficient, and competitive firm. Such flexibility involves the development of new business models, improvement of processes, and technological advancement that can ensure both growth and sustainability over the long term. Firms that innovate are better equipped to respond to changing market conditions evolving customer needs and competitive pressures. This adaptation provides the basis for efficiency leading to lower costs and better products or services.

In addition, encouraging creativity within an organization builds a culture of innovation and continuous improvement, which in turn enhances employee motivation and productivity. Companies that put money into research and development and embrace digital transformation often gain led to better competitiveness but also better profits with greater market expansion. Also, companies that prioritize innovation tend to strengthen their brand image, attract investors, and build long-term resilience.

However, the positive impact of innovation on business performance depends heavily on effective execution and operational efficiency. Innovations can grow the business; however, if handled wrongly, huge inefficiencies may just bleed money or render operations untenable. To reap all advantages of innovation, firms must take calculated risks and be prepared with strategies. Eventually, companies that innovate as a main routine are going to last ‘long’ and thrive over competitors in such dynamic business worlds. Hence, based on the above analysis, the hypothesis has developed:

H5: There is a positive effect of Entrepreneurial innovation and Firm Performance

3. Research model and methodology

Supported by the resource-based view this paper posits that the Balanced Scorecard approach improves firm performance by facilitating Entrepreneurial innovation. The former places emphasis on the value of unique resources and capabilities for gaining a competitive edge; the latter requires innovation and flexibility for keeping up sustained performance over the long run. The research model is established as follows.

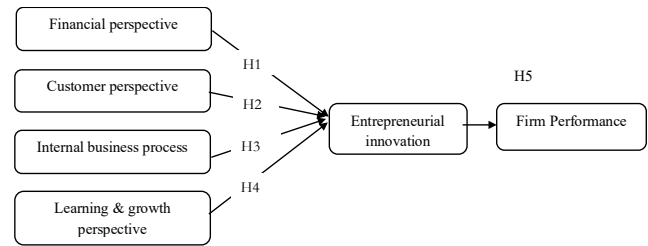


Figure 1. The conceptual framework of this study

The present research adopts a quantitative approach using a cross-sectional survey methodology to explore the relationships among latent variables within firms operating in Vietnam, specifically within the context of Ho Chi Minh City. Smart PLS is employed for data analysis due to its suitability for exploratory research and its effectiveness in handling complex models with relatively small sample sizes (377 observations).

The study focuses on firms registered in HCMC, an important business hub home to many sectors like production, services, and tech. A purposive sampling method is used to pick participants in main decision roles, such as directors, senior managers, and experts. Moreover, the measurement scale for this study, covering the four perspectives of the Balanced Scorecard, was adapted from Bshayreh et al. (2024). The financial perspective includes five items: FP1, FP2, FP3, FP4, and FP5. The customer perspective includes five items: CP1, CP2, CP3, CP4, and CP5. The internal business process perspective includes five items: IP1, IP2, IP3, IP4, and IP5. The learning and growth perspective includes five items: LG1, LG2, LG3, LG4, and LG5. Additionally, the entrepreneurial innovation scale, adapted from Huynh et al. (2024), includes five items: EI1, EI2, EI3, EI4, and EI5. The firm performance scale, also adapted from Huynh et al. (2024), includes five items: FIP1, FIP2, FIP3, FIP4, and FIP5.

A structured questionnaire uses a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree), with items from validated constructs of existing literature (modified to suit the Vietnamese context). A check for validity is conducted on this questionnaire against clarity, cultural relevance, and its alignment with the theory by some specialists and directors in HCMC. A test pilot is run with 30 different participants to ensure reliability for this instrument (and remove any possible ambiguities) (Cronbach’s $\alpha > 0.7$). Data is collected in person at various enterprises wherein all information is treated as confidential and anonymous; participation is voluntary. The data collection phase is around 8-10 weeks long for a higher response rate

For data analysis, an approach based on two-step PLS-SEM is adopted. First, the measurement model is tested for reliability and validity. Reliability is tested using composite reliability (desired value above 0.7)

and Cronbach’s alpha (desired value greater than 0.7), while the former is checked by convergent validity through Average Variance Extracted (desired value greater than 0.5) and the latter through Fornell- Larcker criterion and HTMT ratio (desired value less than 0.85). In the second step, the structural model is evaluated through bootstrapping analysis to test the significance of path coefficients (desired p-value less than 0.05) in the hypothesized relationships (5,000 samples).

Ethical considerations require that the participants are fully informed about the purpose of the study and their rights to make a voluntary decision to participate or withdraw. Responses will be coded to maintain anonymity, and data will be kept confidential.

4. Findings and discussion

The survey, comprising 377 respondents, revealed a slight female majority (54.1%) and male (45.9%). The highest educational attainment was predominantly a Bachelor's degree (43.8%), followed by Diplomas (24.9%) and Master's degrees (18.3%), with a minimal presence of Doctorate holders (2.1%). Regarding company roles, most respondents were Officers (55.7%), while Managers and Directors accounted for 27.1% and 17.2%, respectively (Table 1).

Table 1. Demographics information

Demographics information	Frequency	Percent (%)	Valid Percent	Cumulative Percent
Male	173	45.9	45.9	45.9
Female	204	54.1	54.1	100.0
Total	377	100.0	100.0	
Qualification	Frequency	Percent (%)	Valid Percent	Cumulative Percent
Certificate	41	10.9	10.9	10.9
Diploma	94	24.9	24.9	35.8
Bachelor	165	43.8	43.8	79.6
Master	69	18.3	18.3	97.9
Doctorate	8	2.1	2.1	100.0
Total	377	100.0	100.0	
Position in company	Frequency	Percent (%)	Valid Percent	Cumulative Percent
Director	65	17.2	17.2	17.2
Manager	102	27.1	27.1	44.3
Officer	210	55.7	55.7	100.0
Total	377	100.0	100.0	

Table 2 shows that Cronbach’s alpha values for all constructs range from 0.830 to 0.930 (> 0.7), indicating strong internal consistency. Composite reliability (rho_a and rho_c) values are also above 0.8 for all constructors, reinforcing the reliability of

the measurement model. The AVE values, ranging from 0.597 to 0.783 (> 0.5), confirming adequate convergent validity. These results demonstrate that the constructions exhibit satisfactory reliability and validity, ensuring the robustness of the measurement model for further analysis.

Table 2. Cronbach’s alpha, Composite reliability and Average variance extracted

Variables	Cronbach’s alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
CP	0.884	0.906	0.915	0.685
EI	0.930	0.931	0.947	0.783
FIP	0.845	0.848	0.890	0.619
FP	0.878	0.884	0.911	0.672
IP	0.858	0.870	0.898	0.640
LG	0.830	0.834	0.881	0.597

Table 3. Heterotrait-Monotrait (HTMT)

Variables	CP	EI	FIP	FP	IP	LG
CP						
EI	0.47					
FIP	0.4	0.506				
FP	0.458	0.39	0.327			
IP	0.34	0.466	0.442	0.227		
LG	0.384	0.589	0.567	0.2	0.477	

Table 3 indicates that, all HTMT values are below the commonly recommended threshold of 0.85, indicating that the constructions are adequately distinct from one another. The highest HTMT value observed is 0.589 (between EI and LG), which remains well within acceptable limits. These results confirm that the constructions in the model exhibit satisfactory discriminant validity, ensuring that each construct measures a unique concept without excessive overlap.

Table 4 shows that all hypotheses are supported, as indicated by the significant path coefficients and corresponding p-values (all less than 0.05). Hypothesis H2, testing the relationship between CP and EI, shows a path coefficient of 0.189, with a t-statistic of 3.959, confirming a significant effect. Similarly, Hypotheses H1, H3, H4, and H5, testing the relationships between EI and FIP, FP and EI, IP and EI, and LG and EI, respectively, demonstrate strong path coefficients ranging from 0.181 to 0.454, with t-statistics well above the 1.96 threshold, further validating these relationships. All p-values are less than 0.001, reinforcing the robustness of these paths in the model.

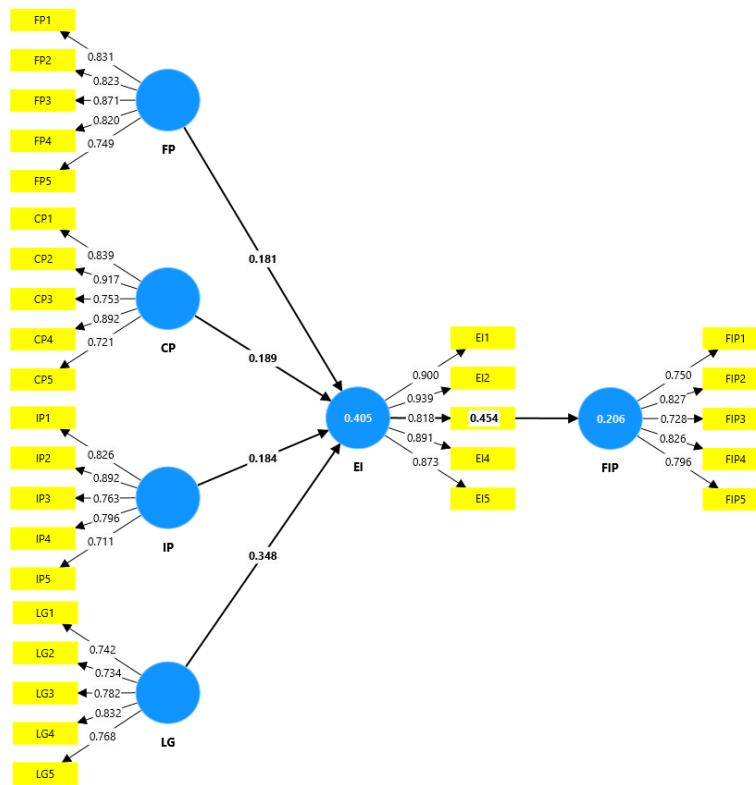


Figure 2. Results of the structural model

Table 4. Path coefficient and hypothesis testing

Hypothesis	Relationship	Path Coefficient	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Conclusion
H2	CP -> EI	0.189	0.189	0.048	3.959	0.000	Supported
H5	EI -> FIP	0.454	0.456	0.05	8.994	0.000	Supported
H1	FP -> EI	0.181	0.183	0.043	4.165	0.000	Supported
H3	IP -> EI	0.184	0.186	0.05	3.712	0.000	Supported
H4	LG -> EI	0.348	0.347	0.045	7.722	0.000	Supported

Table 5. Inner VIF

Variables	CP	EI	FIP	FP	IP	LG
CP		1.337				
EI			1			
FIP						
FP				1.205		
IP					1.259	
LG						1.283

Table 6. F-Square

Variables	CP	EI	FIP	FP	IP	LG
CP		0.045				
EI			0.260			
FIP						
FP				0.046		
IP					0.045	
LG						0.159

Table 5 shows that, all VIF values are well below the commonly accepted threshold of 5, indicating the absence of significant multicollinearity issues. Since all VIF values are close to 1, the predictors in the model are sufficiently independent, ensuring the reliability of the structural model for further analysis.

According to Cohen’s (1988) guidelines, f2 values of 0.02, 0.15, and 0.35 represent small, medium, and large effects, respectively. Table 6 shows that, the results indicate that LG has a moderate effect on EI (f2=0.159), while CP, FP, and IP exhibit small effects on EI, with values of 0.045, 0.046, and 0.045,

respectively. Additionally, EI has a substantial effect on FIP ($f^2 = 0.260$), suggesting its strong predictive relevance. Overall, these findings highlight the varying degrees of influence among the constructs in the model.

These results underscore the capacity of the Balanced Scorecard to improve firm performance by aligning strategic goals with actionable outcomes, particularly in the context of Vietnamese enterprises. Results from this study should be viewed with the perspective that the BSC framework is not only an effective performance measurement tool but also a stimulus for better strategic alignment when augmented by Entrepreneurial innovation. The current study introduces Entrepreneurial innovation as the main mediating factor in the influence of the Balanced Scorecard on firm performance. Such findings are quite consistent with the previous research that has been conducted regarding the Balanced Scorecard in different contexts regarding its effects on performance measurement and strategic alignment (Kaplan & Norton, 1992).

In emerging markets like Vietnam, the role of the Balanced Scorecard (BSC) in improving performance is clearly demonstrated. However, research in Vietnam focuses on entrepreneurial creativity, while research in Malaysia emphasizes overcoming challenges caused by crises. The study in Malaysia highlights the importance of non-financial factors in improving performance (Moses Alabi, 2023), while the research in Vietnam points out that strategic creativity adjustments are necessary through the application of BSC in a developing market.

The relationship between implementing the BSC and company performance is positive (Tawse, & Tabesh, (2023). Hence, while the general effect of the BSC on firm performance has been established, this study provides a clearer understanding of that impact by looking at Vietnamese firms and clarifying how the BSC interacts with Entrepreneurial innovation in an emerging market. Factors that determine the business environment such as rapid economic growth rate, dynamic market fluctuations, and cultural influence in Vietnam would determine how a business undertakes the strategic tools like the BSC. This study contributes to a broader understanding of the BSC's role in developing economies by revealing that creativity and innovation—shaped by local conditions—are critical factors in the success of the BSC in enhancing firm performance.

Compared to developed economies, emerging markets such as Vietnam and Malaysia have their own unique characteristics in implementing the Balanced Scorecard. Research in Vietnam emphasizes the role of creativity and innovation, which is formed from local conditions such as a dynamic economic environment and cultural changes, as a key factor for the success of BSC in enhancing corporate performance. Meanwhile,

in Malaysia, although it is also an emerging market, BSC interacts more strongly with external factors such as a stable legal environment and the strong development of technological infrastructure, which helps businesses easily adopt and achieve more favorable financial results (Moses Alabi, 2023).

This context-sensitive perspective also highlights the adaptability of the BSC, suggesting that while the framework is widely recognized, its implementation should be tailored to address the specific challenges and characteristics of firms operating within emerging economies like Vietnam. Thus, this study not only re-establishes the proven benefits of the BSC but also extends the knowledge of its influence on performance in the specific and rather contradictory conditions of Vietnamese business practice, where success demands creativity, and innovation.

4.1. The Role of the Balanced Scorecard in Vietnamese Enterprises

Businesses in Vietnam work under such conditions, whereby economic growth is fast, the world is becoming more interconnected, and rules are changing. This shift to a market-led system in Vietnam raises many demands from companies regarding their effectiveness, financial standing, and adjustment to what buyers want. As a result, there has been an increase in firms that adopt strategic management to improve their decisions and achieve better performance.

According to the views of Yilmaz and Inel (2018), the Balanced Scorecard (BSC) approach can help the firm improve performance by setting future goals for performance and checking where they stand now by the reports of business performance. Moreover, the tool, Balanced Scorecard (BSC), is known to be effective in linking strategic goals with operational deeds. It allows firms to balance short-term financial aspirations with long-term expansion and sustainability by presenting a complete picture of business performance in several aspects. The price-sensitive market in Vietnam underlines the financial leg of BSC whereby companies must be profitable, control costs, and be financially healthy to survive in the market. It will help businesses make wise decisions that will ensure financial stability and increased shareholder wealth through proper monitoring of revenue, expenditure, and investment effectiveness. This also emphasizes the customer perspective; it helps firms strive to supply high-quality products and services to meet the very demanding needs for innovation and excellence in quality. Meeting the objectives of Vietnamese firms, pursuing global business, and expanding the service area to better-informed conscious buyers demands recognition and active participation in brand values as a competitive tool. Acquiring the BSC framework and further applying this in monitoring and improving

customer satisfaction and quality of products then, also ensuring a proper market position in market competition which is tough.

Though being very beneficial, the adoption of BSC in Vietnam is still at a very infant stage. A lot of difficulty is faced by companies in effectively implementing this model into their strategic processes. Problems come from low resources, financial and human, inadequacy of knowledge in performance management, and resistance to embracing organizational change. The firms will not be able to uphold BSC adoption plus obtain insightful information regarding the application without sufficient training and insufficient strong leadership commitment.

However, those firms that have implemented BSC successfully report massive benefits, contentions in decision making, efficiency in resource allocation, and overall better performance. The balanced scorecard would help in creating the strategic alignment and improvement culture much needed by Vietnamese firms to enhance their competitive position in the local as well as international markets. Firms would quicken the pace of adoption by investing in management repurpose, embracing technology for intelligent regulation, and fostering an environment where there is organized performance management. With the correct approach and continued support, Balanced Scorecard can turn around the system of strategic management in Vietnam regarding assisting companies to achieve long-term growth and success.

4.2. Entrepreneurial innovation

The role of Entrepreneurial innovation between the Balanced Scorecard and firm performance would be very pertinent in the business environment of Vietnam, where cultural dimensions reflect collectivism, harmony, and adaptability and provide creative potential to set the norms. The place nurtures an environment for creativity. This would mean that, regarding human capital management and organizational capacity building, the general perspective related to the learning and growth aspect of BSC would be very much in line with the specific Vietnam characteristic of continuous betterment and innovation.

Creativity and ideas underpin the innovation process but can only find success in achieving such an undertaking since invention acts as a trigger that helps to come up with new ideas creatively (Al-Shami et al. 2022). In this sense, firms may apply entrepreneurial innovation as a route to immediately converting the strategic goals set by the BSC into new and better products and practices. For instance, through creative problem-solving and experimentation, businesses in the manufacturing and service sectors of Vietnam have been able to improve their level of efficiency of operation as well as develop new products and

quality of customer service. This was also confirmed by different emerging economies where performance results were found to depend on the levels of creativity and innovation of the firms.

The use of Entrepreneurial innovation to improve performance has, however, some challenges. A lot of Vietnamese companies have constraints - no great tech access, not enough money to roll out the innovation, not many skilled workers - all of which can stifle their inventive capacity. Also, most places have a top-down setup which can stop free talk and sharing of ideas—both key for growing new things. Dealing with these blocks with moves such as training for leaders and more cash for research could help make the effect better for Entrepreneurial innovation on company results.

5. Conclusion

This further widens and deepens the research base regarding the employment of the Balanced Scorecard and entrepreneurial innovation in enhancing firm performance, this time with a focus on Vietnamese firms. The study finds that the Balanced Scorecard is an effective strategic tool that can help align strategic goals with day-to-day operating activities and hence improve performance output. Secondly, entrepreneurial innovation is indicated as a crucial mediator that can assist firms in turning strategic objectives into creative practices and solutions.

Applying BSC combined with entrepreneurial innovation in businesses will be very promising to allow for sustainable development and increase the competitiveness of businesses under the dynamics and competitive nature of business in Vietnam. The realization will, however, be possible only if businesses can address major constraints such as scarcity of resources, lack of competent managers, and the presence of long-established business cultures.

Subsequent research can focus on the long-term impact of the BSC and entrepreneurial innovation on firm performance concerning the influence of the external environment—government policies, and industry trends in Vietnam. Further cross-sectional analysis by industry and region could help extend the generalizability of these findings to other emerging economies.

This study contributes to the body of knowledge in strategic management and performance evaluation by reasserting that the Balanced Scorecard is a comprehensive tool for measuring firm performance. It confirms that the four dimensions of the Balanced Scorecard (financial, customer, internal business processes, and learning & growth) positively affect the performance of Vietnamese firms. It also confirms the mediation effect of entrepreneurial innovation: firms that consider innovation as a strategic asset achieve better performance. These results enrich the existing

body of knowledge by emphasizing innovation as a critical factor in translating the dimensions of the Balanced Scorecard into attaining sustainable competitive advantages.

REFERENCES

- Al-Kalouti, J., Kumar, V., Kumar, N., Garza-Reyes, J. A., Upadhyay, A., & Zwiendelaar, J. B. (2020). Investigating innovation capability and organizational performance in service firms. *Strategic Change*, 29(1), 103–113. DOI: <https://doi.org/10.1002/jsc.2314>.
- Al-Shami, S. A., Alsuwaidi, A. K. M. S., & Akmal, S. (2022). The effect of entrepreneurial orientation on innovation performance in the airport industry through learning orientation and strategic alignment. *Cogent Business & Management*, 9(1), 2095887.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
- Bekata, A. T., & Kero, C. A. (2024). Customer orientation, open innovation and enterprise performance: Evidence from Ethiopian SMEs. *Cogent Business & Management*, 11(1), 2320462.
- Benková, E., Gallo, P., Balogová, B., & Nemeč, J. (2020). Factors affecting the use of balanced scorecard in measuring company performance. *Sustainability*, 12(3), 1178. DOI: <https://doi.org/10.3390/su12031178>.
- Bshayreh, M. M., Qawqzeh, H. K., Al-Momany, I. A. A., Saleh, M. M. A., & Al Qallap, K. D. H. (2024). The influence of balanced scorecard perspectives on the firms' performance: Evidence from the banks in the developing market. *Corporate & Business Strategy Review*, 5(2), 243–254. DOI: <https://doi.org/10.22495/cbsrv5i2art21>.
- Çağa, M., Kitapçı, H., Gök, M. Ş., & Cigirim, E. (2024). The mediating effect of entrepreneurial team behavior and transformational leadership in the relationship between corporate entrepreneurship and firm performance. *Sustainability*, 16(13), 5443.
- Chong, P., Ong, T., Abdullah, A., & Choo, W. (2019). Internationalisation and innovation on balanced scorecard (BSC) among Malaysian small and medium enterprises (SMEs). *Management Science Letters*, 9(10), 1617–1632.
- Huynh, T. N., Van Nguyen, P., Do, A. M., Dinh, P. U., & Vo, H. T. (2024). Fostering organizational performance through innovation: The roles of environmental policy instruments, organizational learning supports, and intellectual capital. *Heliyon*, 10(20). DOI: <https://doi.org/10.1016/j.heliyon.2024.e39361>.
- Kaplan, R., & Norton, D. (1992). The balanced scorecard—Measures that drive performance. *Harvard Business Review*, 79.
- Kopecka, N. (2015). The balanced scorecard implementation, integrated approach and the quality of its measurement. *Procedia Economics and Finance*, 25, 59–69. DOI: [https://doi.org/10.1016/S2212-5671\(15\)00713-3](https://doi.org/10.1016/S2212-5671(15)00713-3).
- Mahboub, R., & Ghanem, M. G. (2024). The mediating role of knowledge management practices and balanced scorecard in the association between artificial intelligence and organization performance: Evidence from MENA region commercial banks. *Cogent Business & Management*, 11(1), 2404484.
- Moses Alabi (2023). *The Impact of Balanced Scorecard on Financial Performance of Islamic Banks: A Comparative Study of Palestine and Malaysia*. Access at <https://www.researchgate.net/publication/384434930>.
- Raval, S. J., Kant, R., & Shankar, R. (2019). Benchmarking the Lean Six Sigma performance measures: A balanced scorecard approach. *Benchmarking: An International Journal*, 26(6), 1921–1947. DOI: <https://doi.org/10.1108/BIJ-06-2018-0160>.
- Shalini, S., & Venkatesh, S. (2022). A study on impact of balanced scorecard perspectives on performance of IT companies in Bengaluru City. *International Journal of Health Sciences*, 6(S1), 11406–11417. DOI: <https://doi.org/10.53730/ijhs.v6nS1.7782>.
- Ta, T. T., Doan, T. N., Tran, H. N., Dam, T. A., & Pham, T. M. Q. (2022). Factors affecting the application of balanced scorecard to enhance operational efficiency of listed companies: The case of Vietnam. *Cogent Business & Management*, 9(1), 2149146.
- Tawse, A., & Tabesh, P. (2023). Thirty years with the balanced scorecard: What we have learned. *Business Horizons*, 66(1), 123–132.
- Yilmaz, G., & Inel, N. M. (2018). Assessment of sustainability performances of banks by TOPSIS method and balanced scorecard approach. *International Journal of Business and Applied Social Science (IJBASS)*, 4(1), 1–14. Access at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3110488.
- Zazueta Salido, R. A., Lagarda-Leyva, E. A., & Lozoya Díaz, D. G. (2019). Strategic plan for a regional innovation center and business accelerator of Southern Sonora using Megaplanning and Balanced Scorecard. *Performance Improvement Quarterly*, 32(3), 287–323. DOI: <https://doi.org/10.1002/piq.21299>.