

ABSTRACT

Vietnam is well known as a country in successful transition to a market economy with a high concentration of Small and Medium sized Enterprises (SMEs). SMEs contributed significantly to overcoming the “shocks” associated with the transition from a centrally planned to a market-oriented economy with the collapse of the socialist bloc in Eastern Europe. Although they are major contributors to Vietnamese socio-economic success, SMEs in Vietnam have to deal with many difficulties in their survival and development. To solve these problems, SMEs need to understand how their business is operating, identify where improvements should be made, and have a clear strategic planning process. Applying a performance measurement system provides SMEs with a more complete view of an organization through the different measures and perspectives that link together and enable the development of a dynamic system that monitors both internal and external contexts and supports the organization’s objectives. The Balanced Scorecard introduced by Kaplan and Norton in 1992 is a relevant tool that provides SMEs with a framework for dealing with today’s business environment. There have been extensive calls for research into the use of the Balanced Scorecard by SMEs in different national contexts. However, there appears to be a lack of research on the factors that influence the adoption of the Balanced Scorecard in SMEs, especially in the Vietnamese SMEs context. It is necessary to investigate factors that influence adoption of the Balanced Scorecard so that it can be used more widely and provide more development and greater profitability for Vietnamese SMEs.

An important theme in the research on organizational performance management is the relevance of different factors in the context in which performance management occurs. These contingent variables have been shown to be particularly important in broad-based performance management systems such as the Balanced Scorecard. Based on the Contingency theory, previous research has progressively identified the factors impacting the decision to adopt or not adopt performance measurement systems and the Balanced Scorecard. The present research investigated determinants of the Balanced Scorecard adoption in Vietnamese SMEs through the lens of Contingency theory. Contingency theory provides a referent theoretical framework to describe the contextual, internal, and external impact factors on the adoption of the Balanced Scorecard by Vietnamese SMEs.

This present research addressed these gaps in the literature. By using a sequential mixed methods research design, this research (1) reviewed the literature on the adoption and implementation of the Balanced Scorecard in SMEs, (2) explored the reasons why Vietnamese SMEs have adopted or not adopted the Balanced Scorecard as a relevant performance measurement system for SMEs, (3) investigated what the impact factors are and how they influence the successful Balanced Scorecard adopters in Vietnamese SMEs, and (4) examined the factors affecting the level of the Balanced Scorecard adoption in Vietnamese SMEs. The findings contribute a research ready framework with conceptualization and measurement of how to successfully adopt the Balanced Scorecard in SMEs.

The initial theoretical framework was constructed from the literature review of earlier studies in the field to provide a better understanding of the problem. Three studies including two qualitative exploratory studies comprising semi-structured interviews and case studies, and a quantitative study comprising a survey were conducted sequentially to solve the research problem. In Study 1, thirty-two individual interviews were conducted with top managers (executives), senior managers (heads of departments) and accountants from SMEs operating in various fields and in different provinces from the northern areas to the southern areas of Vietnam to find the reasons why Vietnamese SMEs have adopted or not adopted the Balanced Scorecard. Next, Study 2, involving four successful Balanced Scorecard adopter Vietnamese SMEs, investigated whether and how the impact factors found in Study 1 impacted the successful adoption of the Balanced Scorecard by these Vietnamese SMEs. An email survey in the quantitative study (Study 3) was then conducted to test the hypotheses about the determinants affecting the level of the Balanced Scorecard adoption in Vietnamese SMEs. Target informants were top managers of Vietnamese SMEs that had successfully adopted the Balanced Scorecard, in various fields and in different types of ownership.

To analyze the qualitative data, this research used template analysis. In the first study, the predefined themes were derived from the literature review. The results of the data analysis of Study 1 provided the themes for Study 2, which then generated further implications for Study 3. The survey data (in Study 3) was analyzed using SPSS statistical software. Test for normality was the first stage of the data analysis. Cronbach's Alpha method was applied to validate and confirm the unidimensional reliability and internal consistency of the dataset. The Exploratory Factor Analysis (EFA) method helped to evaluate two

important types of values of the scale: convergent and discriminant values (Osborne et al., 2008). Finally, the hypotheses were tested using regression analysis, which is the most appropriate tool for this research because it determines how independent variables define dependent variables.

Through the lens of Contingency theory, seven factors impacting the successful adoption of the Balanced Scorecard by Vietnamese SMEs finally emerged: (1) Top management, (2) Regional differences, (3) The intensity of market competition, (4) The support of business networks, (5) Organizational resources, (6) Organizational culture, and (7) Organizational strategy.

This research is pioneering work on the Balanced Scorecard in SMEs conducted throughout the whole of Vietnam. This research provides future studies on Balanced Scorecard in Vietnamese SMEs an appropriate set of scales, creating favorable conditions better research results.