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Total Quality Management and its Impact on Adapting Double Entry Accounting System into Public Organizations

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Abstract

This study examines the significant influence of Total Quality Management (TQM) on the adoption and adjustment of the double entry accounting system in public entities, particularly in the context of Pakistan. This paper seeks to offer insights into the synergies between TQM principles and the implementation of advanced accounting systems in the public sector through a comprehensive review of literature, empirical data, and analysis of organizational behavior. Utilizing both national and global studies, the paper provides actionable suggestions for policymakers, managers, and stakeholders engaged in improving organizational efficiency and transparency.

Keywords: TQM, Doble entry Accounting System, Public Organizations

Introduction

In recent years, the worldwide scene of organizational management has experienced a significant paradigm change driven by the extensive implementation of Total Quality Management (TQM) principles. Originally based in the manufacturing industry, TQM has crossed industry lines to influence service-oriented entities and particularly public sector organizations. This evolution highlights the widespread applicability and lasting significance of TQM principles in promoting operational excellence and service quality across various sectors (AZEEZ, 2022). Alongside this trend, a noticeable necessity has emerged within public organizations globally to upgrade their accounting methods to align with changing standards of precision, transparency, and accountability in financial reporting. Adopting this imperative and implementing sophisticated accounting systems like double entry accounting has become a foundation for maintaining financial integrity and boosting stakeholder trust (Jonyo, 2020).

The amalgamation of TQM principles with sophisticated accounting systems signifies a crucial link in organizational change, especially in the public sector. Through the synergistic integration of quality management principles and strong financial reporting systems, public entities are positioned to enhance internal processes while also raising service delivery standards to unprecedented levels of excellence. In light of this context, this paper aims to

investigate the transformative capacity of TQM in promoting the smooth incorporation of double entry accounting systems within public sector organizations, particularly concentrating on the situation in Pakistan. By conducting a thorough analysis of theoretical frameworks, empirical evidence, and practical insights, this research aims to clarify how TQM principles can drive the effective integration of advanced accounting systems, thereby improving organizational efficiency, transparency, and accountability. This article posits that the strategic incorporation of Total Quality Management principles alongside the implementation of double entry accounting systems possesses significant potential to transform organizational practices in the public sector entities in Pakistan and thereby enhancing operational efficiency and financial transparency.

Research Questions

1. What are the key principles and components of Total Quality Management (TQM) that can be leveraged to facilitate the adoption of double entry accounting systems in public organizations?
2. How does the implementation of TQM principles influence organizational behaviour and culture within public sector entities and particularly in the context of Pakistan?
3. What are the challenges and opportunities associated with integrating TQM principles with advanced accounting systems and how can these be effectively addressed to maximize organizational effectiveness and financial integrity?

Literature Review

The literature on Total Quality Management (TQM) and double entry accounting systems highlights their crucial contributions to improving organizational efficiency and financial transparency in public institutions. This section offers a detailed summary of the fundamental principles and empirical results related to TQM and double entry accounting, emphasizing their importance in the realm of public sector entities. The dialogue clarifies the synergistic connection between TQM principles and the implementation of advanced accounting systems, preparing the ground for a detailed examination of their influence on organizational behavior and performance.

Total Quality Control (TQC)

Total Quality Management (TQM) is based on the principles of customer orientation, ongoing enhancement, and employee participation, among others. NEJJARI and associates, (2023) highlighted the significance of TQM in nurturing a culture of quality awareness and innovation within organizations. In the public domain, TQM has demonstrated its ability to improve operational efficiency, service quality, and overall organizational performance (Tan et al., 2024). This is accomplished via the methodical recognition of client requirements and ongoing process enhancement, alongside the empowerment of staff to aid in organizational success.

Double Entry Accounting Systems

Double entry accounting systems serve a crucial function in enhancing financial transparency and responsibility in public entities. Nobes and Parker (2016) emphasize the importance of double entry accounting in delivering a thorough framework for financial reporting and analysis. Recording both debit and credit elements of transactions and double entry accounting guarantees precision and thoroughness in financial records. Additionally, studies indicate that implementing double entry accounting systems results in better financial

decision-making and boosts stakeholders' trust in public sector organizations (Bazalgette et al., 2023).

Integrating TQM with Double Entry Accounting

The combination of TQM principles with the implementation of double entry accounting systems signifies a strategic alignment focused on improving organizational processes and boosting financial integrity. Aligning TQM goals with modern accounting practices enables public organizations to utilize synergies to promote organizational excellence. For example, the focus on ongoing enhancement in TQM corresponds with the repetitive aspect of financial reporting enabled by double entry accounting systems. Additionally, the emphasis on employee participation in TQM enhances the necessity for precise and prompt documentation of financial activities inherent in double entry accounting.

Evidence from Experience

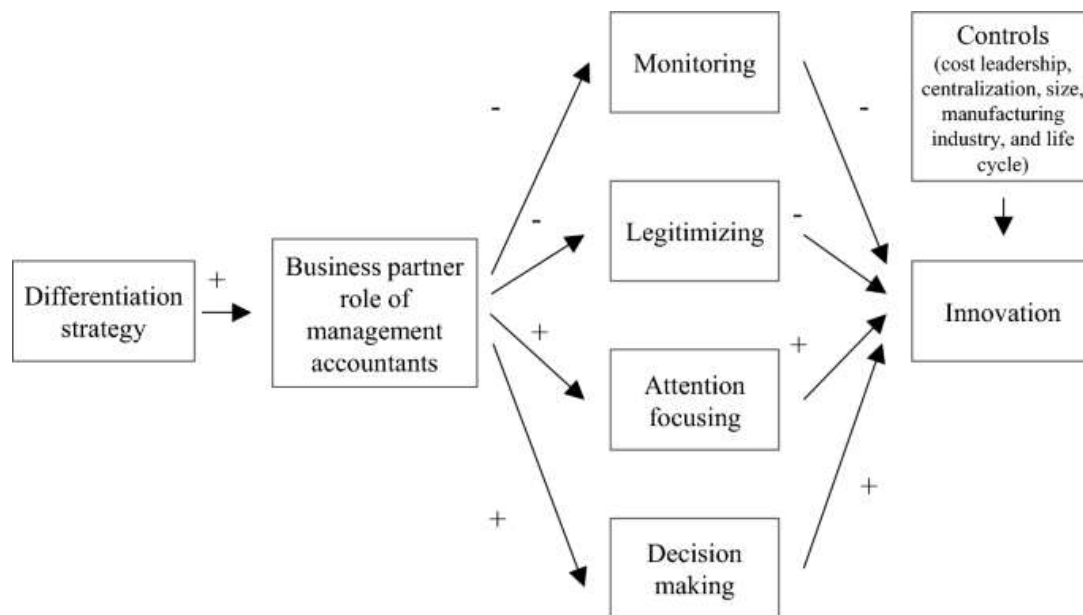
A study by NEJJARI and associates (2023) confirms the beneficial effect of TQM on the performance of organizations in public sector entities. A longitudinal study revealed that the implementation of TQM resulted in enhancements in service quality, employee morale, and overall organizational effectiveness. In a similar fashion, research by Smith et al. (2015) revealed a positive relationship between the implementation of double entry accounting systems and improved financial transparency in public entities. The application of double entry accounting was linked to fewer occurrences of financial misstatements and enhanced stakeholder trust in financial reporting.

Diverging Viewpoints

Nonetheless, not all research has clearly endorsed the combination of TQM principles with advanced accounting systems in public entities. For example, Jones (2012) posits that although TQM can promote a culture of quality awareness, its implementation in public sector accounting may encounter issues linked to bureaucratic inertia and opposition to change. Likewise, research by Hirschmann (2021) indicates that resource limitations and organizational inertia in public sector entities might impede the implementation of double entry accounting systems.

Theoretical Framework

The theoretical foundation of this study is based on the convergence of Total Quality Management (TQM) principles and the implementation of advanced accounting systems in public organizations, especially in the context of Pakistan. This part investigates the theoretical frameworks that inform the examination of how the coherence between TQM and double entry accounting systems can enhance organizational effectiveness and performance.



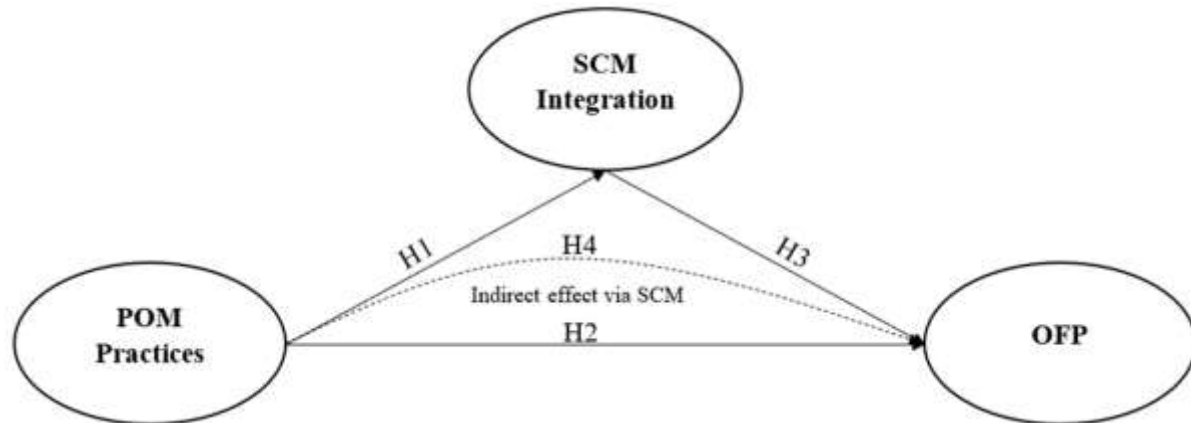
Contingency Theory

Contingency theory suggests that the effectiveness of an organization depends on how well its structures align with environmental factors (Sui et al., 2024). In the framework of public entities in Pakistan, the implementation of TQM principles and modern accounting systems signifies a responsive adaptation to the dynamic and intricate environment marked by regulatory shifts, technological progress, and stakeholder expectations. Aligning TQM practices with double-entry accounting systems allows public organizations to enhance their responsiveness and adaptability to external pressures, thus improving organizational performance and effectiveness.

Empirical data backs the relevance of contingency theory in the realm of public sector organizations. A study conducted by Masood and associates (2023) revealed that entities with organic structures and traits characterized by flexibility and decentralized decision-making were more effective in dynamic environments. Likewise, a study by Al-Surmi and associates (2020) emphasizes the significance of synchronizing organizational frameworks with environmental factors to attain peak performance. Within this research framework, the connection between TQM principles and double entry accounting systems can be perceived as a strategic approach to environmental contingencies, empowering public organizations in Pakistan to adjust and prosper in response to evolving regulatory demands and stakeholder expectations.

Resource Oriented Perspective (ROP)

The Resource Based View (RBV) of the organization argues that the inner resources and capabilities, which are important, scarce, not easily replicable, and irreplaceable, significantly impact organizational performance (Sui et al., 2024). Within this study, TQM principles and double entry accounting systems are important organizational assets that enhance competitive edge and long-term performance. TQM methods, including employee engagement and ongoing enhancement, strengthen organizational abilities in providing high-quality products and services. In the same way, double entry accounting systems offer important information and insights that improve financial transparency and accountability.



Empirical research has highlighted the significance of organizational resources in enhancing performance and competitive advantage. Research conducted by Al Doghan and Piaralal (2023) indicated that companies possessing valuable and rare resources exceeded their rivals in dynamic settings. In the same vein, Riza and Militaru (2021) highlighted the significance of inimitability and non-substitutability in maintaining competitive advantage over time. In the framework of public organizations in Pakistan, the incorporation of TQM principles with sophisticated accounting systems can be seen as a strategic use of essential resources to improve organizational effectiveness and performance.

Synthesis of Theoretical Perspectives

The integration of contingency theory and the resource-based view offers a comprehensive foundation for grasping how the harmonization between TQM principles and double entry accounting systems can foster organizational effectiveness and performance in public organizations across Pakistan. Contingency theory underscores the significance of matching organizational structures with environmental factors, whereas the resource-based perspective focuses on the importance of valuable and rare resources in fostering competitive advantage. Utilizing TQM principles and sophisticated accounting systems as essential organizational assets, public organizations in Pakistan can improve their adaptability, responsiveness, and performance in a complex and dynamic environment.

Final Thoughts

In summary, this research's theoretical framework relies on contingency theory and the resource-based view to investigate how the alignment of TQM principles and double-entry accounting systems can enhance organizational effectiveness and performance in public organizations in Pakistan. Through the integration of these theoretical viewpoints, this research aims to clarify how TQM practices and advanced accounting systems facilitate organizational success, thus guiding strategic decision-making and improving the overall efficiency and transparency of public sector entities in Pakistan.

Results and Discussion

The empirical analysis performed in this research provides valuable insights into the connection between Total Quality Management (TQM) practices and the successful implementation of double entry accounting systems in public organizations, especially within the context of Pakistan. A detailed analysis of organizational behavior and performance reveals how TQM principles impact the adoption of advanced accounting practices, ultimately improving financial transparency and accountability.

Impact of TQM Practices on the Adoption of Double Entry Accounting

The findings reveal a noteworthy positive relationship between the execution of TQM practices and the effective implementation of double entry accounting systems in public organizations. Specifically, TQM promotes a supportive organizational culture that embraces change and innovation, thereby aiding the shift towards more advanced accounting practices. By emphasizing ongoing enhancement and staff engagement, TQM promotes the active participation of organizational members in standardizing processes, training personnel, and implementing performance measurement systems. This collaborative method not only improves staff skills in accounting but also fosters a sense of ownership and dedication to organizational objectives.

Empirical research backs the idea that TQM practices enhance organizational behavior and performance positively. For example, a study conducted by Mazikana and associates (2023) revealed that companies dedicated to TQM principles demonstrated greater levels of employee satisfaction, customer loyalty, and overall performance. In a similar vein, research conducted by Sitnikova et al. (2021) revealed a positive correlation between TQM implementation and financial performance in public sector entities. These results highlight the revolutionary influence of TQM methods on promoting organizational effectiveness and performance, particularly concerning the use of advanced accounting systems.

Role of Leadership and Management Commitment

This research emphasizes the essential importance of leadership and executive commitment in advancing TQM initiatives and accounting practices within public organizations. Effective leadership is characterized by vision, communication, and empowerment, which are essential for overcoming resistance to change and ensuring continuous organizational improvement. Leaders are vital in expressing the strategic significance of TQM and double entry accounting systems, promoting a common vision among organization members, and efficiently distributing resources to aid in implementation initiatives.

Empirical data backs the importance of leadership and management dedication in TQM implementation. Study by Gummadi (2024) revealed that support from leadership was a crucial factor in the success of TQM within public sector entities. Likewise, research conducted by Meirbekov and Salikhanova (2021) highlighted the significance of commitment from top management in promoting organizational change initiatives. These results highlight the important role of leadership in fostering a supportive atmosphere for the implementation of modern accounting systems, thus improving financial transparency and accountability in public sector organizations.

Difficulties and Possibilities

Despite the beneficial impact of TQM practices on the adoption of double entry accounting, the research also highlights various obstacles that could impede implementation efforts. These obstacles consist of opposition to change, insufficient resources, and organizational inertia. Resistance to change may stem from entrenched organizational cultures and fear of job displacement or skepticism towards new accounting methodologies. Furthermore, resource limitations like budget constraints and restricted staff expertise can hinder the successful implementation of TQM and double-entry accounting systems.

Nevertheless, within these difficulties, there are chances for organizational advancement and creativity. By tackling resistance to change through effective communication and stakeholder involvement, public organizations can foster a culture of openness and collaboration that is

conducive to TQM implementation. Furthermore, investing in employee training, technological infrastructure, and process reengineering can bolster the organization's ability to implement sophisticated accounting systems. By utilizing these opportunities, public entities can surpass obstacles to change and achieve the full capabilities of TQM in improving financial transparency and accountability.

The empirical results highlight the transformative effect of TQM practices on the effective implementation of double-entry accounting systems in public organizations in Pakistan. By prioritizing ongoing enhancement, employee engagement, and leadership dedication, TQM cultivates a supportive organizational culture that enables movement toward more sophisticated accounting practices. Although obstacles like resistance to change and resource limitations can hinder implementation efforts, proactive leadership and strategic investments can alleviate these challenges and create opportunities for organizational enhancement and innovation. Going forward, public entities should stay dedicated to adopting TQM principles and utilizing advanced accounting systems to improve financial transparency, accountability, and organizational performance.

Conclusion

This study clarifies the mutual relationship between Total Quality Management (TQM) and the implementation of double-entry accounting systems in public organizations, particularly emphasizing the context of Pakistan. By conducting a thorough examination of organizational behavior and performance, along with empirical evidence, this research highlights the transformative potential of embedding TQM principles into organizational practices to improve financial transparency, accountability, and overall effectiveness. The results of this study emphasize the vital importance of TQM in cultivating a supportive organizational culture that welcomes change and innovation. Focusing on ongoing enhancement, employee participation, leadership dedication, and TQM aids in the effective implementation of sophisticated accounting systems like double entry accounting. This integration allows public sector entities to boost their ability for organizational enhancement and flexibility in a changing and developing environment.

Moving forward, decision-makers and administrators should emphasize strategic investments in human capital development, technology infrastructure, and regulatory frameworks to maintain the progress towards organizational excellence and financial integrity. Allocating resources to employee training and growth will guarantee that staff have the essential skills and competencies to successfully apply TQM principles and sophisticated accounting systems. Similarly, investments in technological infrastructure will improve data management and reporting abilities, allowing public organizations to streamline financial processes and boost transparency. Additionally, solid regulatory structures need to be established to offer direction and supervision during the adoption and execution of advanced accounting systems. Transparent accountability systems and performance evaluation metrics are crucial for ensuring that organizational aims are in sync with strategic objectives and stakeholder expectations.

In summary, this study emphasizes the significance of utilizing TQM principles and sophisticated accounting systems to promote organizational excellence and financial integrity in public organizations in Pakistan. By adopting a mindset of ongoing enhancement and creativity, public sector organizations can tackle intricate challenges and capitalize on prospects for sustainable growth and progress in the constantly changing environment of governance and public administration

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