

# Accounting History During the Colonial Era in the North Borneo: A Methodological Discussion

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## ABSTRACT

The importance of historical aspects of accounting practice and its development in understanding current practice and predicting the future is argued. However, historical study is challenging for accounting specifically, despite its historical nature in reporting the past. Its unique feature as a social practice that is interconnected with other social activities in the past makes it challenging to understand, interpret, and describe the past. Fundamental issues such as research framework and concept, validity and reliability, and data collection have always been debated. Data availability, relevancy, and dependability are always restrained due to the nature of historical data itself. As the accounting historian urging for more historical research, which is rarely available in Asian regions, this paper presented a methodological approach based on empirical historical research of accounting practice in North Borneo (1881-1963). We aim to provide insight on the data collection process, which is rather challenging in advocating the fascination of accounting historical research. We also highlight the key importance of necessary skills in analysing and interpreting historical data.

**Keywords:** accounting history, accounting practice, historical research, North Borneo.

## INTRODUCTION

History is the written chronicle of previous human actions, experiences, and ideas. It examines everything that has occurred up to this point, including the emergence and decline of civilizations, societal shifts, individual and collective achievements and failures, and the development of cultures, technologies, and concepts. Ludwig Heinrich Edler von Mises, a well-known economist and historian, advocated that history explains the evolution of human socioeconomics (Britannica, 2024). Hence, the study of history helps us to understand the past, including human actions individually and collectively. Previts (1984) asserts that historical precedent dictates how people have responded to their surroundings. It allows for comprehension of earlier systems, structures, technologies, knowledge, values, and beliefs. At the same time, it draws attention to the drivers, origins, and effects of previous human behavior as well as the interdependence of societal factors.

More significantly, as accentuated by Berg (2019), history teaches us about the present, and knowing the past can help us comprehend the present. History helps us understand the acts of people now, both individually and collectively, by examining how they relate to the environment in which they were previously carried out. Thus, history is viewed as an intellectual forum for analyzing historical occurrences, their temporal correlation with human endeavors, and drawing definitive conclusions about the circumstances surrounding their occurrence.

Nevertheless, history, which was once highly valued, is gradually losing ground in many academic fields (Berg, 2019). Accounting is not an exception, although the research in accounting history has evolved, yet it will probably change in the future (Napier, 2006; Matamoros & Gutiérrez-Hidalgo, 2010; Bigoni, Maran & Ferramosca, 2021). Therefore, an understanding of how thinking patterns, theory development, assumptions, and accounting conceptual frameworks evolved over time is necessary. Since accounting is a social profession, it is likely to be praised, criticized, or valued in the future. Therefore, historical research in accounting can

serve as a means of understanding the past, shedding light on the present, and predicting the future (Carnegie & Napier, 2012).

In so far, prior research has shown that although accounting itself is historical in nature, however, research in accounting history is relatively sparse (Sy & Tinker, 2011). Therefore, researchers have advocated for conducting more research which integrating historical analysis as it could close the gap between current practices and their historical foundations (Broberg, P., & Skanberg, T., 2010; Miley, D., & Read, S., 2020; Patel, C., & Harrison, G., 2020). Nonetheless, researchers conducting historical research may be facing methodologically challenges (Stacchezzini, Masiero & Lai, 2023), as the challenge lies in striking a balance between analysing historical events and recognizing the narrative styles that shape those analyses (Patel & Harrison, 2021).

Therefore, the objective of this paper is mainly to provide insight on research methodological approach which is useful for historical accounting research. We offer acumen on challenges in methodological particularly in data collection while conducting our study. We performed our research within the context of accounting history in Malaysia, particularly in Sabah. This paper is structured as follows: firstly, we present the importance of accounting history. Secondly, we provide a literature review on accounting-historical-related matters as a basis for our synthesis and arguments for the significance of our study. Next, we present our research design and methodology. Finally, we present a discussion, recapitulating and concluding our study.

## LITERATURE REVIEW

### Importance of accounting history

The importance of accounting historical knowledge and facts extends beyond just sentimental value. Accounting is seen as a discipline of historical importance, primarily concerned with recording previous events and analysing them for future applications. Thus, it facilitates comprehension of the beginnings, changes, and progressions in accounting, including terminology and discrepancies in emerging difficulties necessitating resolution (Jones, 2008). Therefore, the foundation in accounting history is crucial for understanding the modern accounting discipline and its methods.

At the micro level, accounting history may disclose changes in accounting practices at both the individual and organisational levels. The individual and collective roles of actors in the change process, both inside and outside an organisation, together with their interaction with the environment, can therefore be delineated. This concept acknowledges the interaction between accounting and many human activities. Consequently, the accounting function is acknowledged as a method to elucidate the reasonable grounds for both human and organisational acts and to evaluate their results (Broadbent, 1998).

Conversely, at the macro level, the role of accounting transcends its technical boundaries. Accounting, as a social profession, has significantly contributed to human civilization by enabling the evaluation of resources and wealth, hence fostering geographical development, urbanization, exploration, and technological improvement (Parker, 1977). The accounting function has facilitated the progression of commercial and industrial activities for centuries, from the dawn of human civilization through the colonial era and the industrial revolution to the present (Bryer, 2000; Mail, Nipo & Amirul, 2020). Thus, historical study in accounting is essential for improving understanding and explaining the broader social evolution of humanity (Carnegie, McBride, Napier, and Parker; 2020).

Apart from that it is acknowledged that throughout human civilisation, no discipline surpasses accounting, whether in philosophy or science, in providing clearer and more objective insights into a particular object or phenomenon within society (Crosby, 1997, p. 221). Nonetheless, as a social profession, accounting cannot be comprehended, especially from a historical standpoint, without grasping the contextual framework of its occurrence (Carnegie & Napier, 1996). As a result, accounting is acknowledged as a product of social contact and simultaneously serves as a conduit for facilitating social activities within the society. Robson (1999, pp.

617-618) asserted that the function of accounting has historically facilitated human economic operations and stated:

“While economists define and analyse economic problems, the accountants’ technologies seemingly offer the mechanism for directing the solutions... Accounting evidently provides the technologies for operationalizing the concepts of wealth and value through the calculations of profits, capital, asset and equity.”

This renders history a significant domain in accounting research, especially in the endeavour to comprehend the evolution and transformation of cognitive patterns inside the community across time. Therefore, one must study the development of accounting practice and theory if the contribution of accounting is to be appreciated, both as a product and a process in modern civilisation according to (Bryer, 2000). Similarly, Walker (2004, p. 36) stated that

“Our comprehension of that past can colour the formulation of research questions, the application of appropriate methodologies, and the interpretation of results.”

As far as accounting history research is concerned, the focus is rather on theoretical issues (Previts, Parker & Coffman, 1990) and to date the primary contribution of historical accounting study lies in policy formulation, standard development, and the interpretation of theoretical frameworks. Interestingly, accounting historical research also assists the development of non-accounting policies, such as economic and security policies, by providing an understanding of how a particular policy impacts economic and political aspects of human life, as well as the historical aspects of those policies (Crum, 1982).

In the context of historical research, accounting has also been emphasised for its adverse roles. The historical record of accounting manipulation is associated with numerous adverse implications, including territorial invasion, encroachment, racial prejudice, genocide, slavery, and illicit operations, among others. Urton (2009, pp. 801-802) indicates that these methods of accounting manipulation have been evident from the old-world system to the New World system. In the ongoing cycle of financial crises, the unresolved latest instance highlights the detrimental role of accounting in promoting capitalism. Consequently, as noted by Cooper (2015), many attribute blame to accounting whenever an economic crisis arises, and the actual perpetrator evades responsibility.

The manipulation of accounting practices is also evident at the institutional level. Reischmann (2016), in his analysis of 27 OECD countries from 1970 to 2011, discovered that manipulation is consistently employed, albeit articulated in more diplomatic and innovative words. The economic report, conveyed through accounting channels, presented favourable information biased towards the dominant faction to sway voters' perceptions regarding the current performance of the ruling party, potential economic prospects with a renewed mandate, and the risks associated with an alternative outcome. Whereas, on a micro level, history has been manipulated and misappropriated to serve specific objectives, particularly by business owners and managers, in an attempt to bolster their legitimacy or to selectively emphasize aspects of history that align with their interests (Hatch & Schultz, 2017).

In light of the preceding discussion, we contend that it is essential to examine the historical evolution of accounting practice, encompassing not only its technical advancements but also the utilisation of accounting as a social practice, considering both its positive and negative aspects during periods of prosperity and crisis (Carnegie et al., 2020). Numerous facets of human existence and civilisation can be comprehended through the evolution of accounting practices over time (Lowe, 2000; Llewellyn, 1994; Hopwood, 1990), as accounting consistently serves as a vehicle for the dissemination and entrenchment of ideology (Ala & Lapsley, 2019). Consequently, experts such as Hopwood (1987, p. 207) advocate for the acceleration of accounting research focused on the sociocultural dimensions of the society, which concurrently affects the evolution of accounting practices across time (Bisman, 2012).

Therefore, given its significance for policy creation, the credibility of historical accounting research must be established in terms of study and issue formulation, data collecting and analysis, as well as the theoretical

framework and assumptions utilised. In other word, the methodology applied in the accounting history research must be viable as it According necessitating logical explanation and evidential proof, thereby deriving conclusive and relevant information (Cîndea, Cîndea, Ciurariu, Trifu, and Durdureanu; 2011).

However, there are many challenges that need to be addressed by accounting history researchers. It started with the most fundamental issues of philosophy and conception, worldview and research narrative, and then moved to technical issues of methodology and data collection, as well as analysis and conclusive approach. Therefore, this study presents some of those methodological challenges by using the background of historical research on accounting practice in North Borneo during the colonial era.

### **State of the art—Asian historical accounting**

Notwithstanding the assertion that historical accounting research commenced in the late 19th century (Previts et al., 1990), the current documented quantity remains markedly minimal in comparison to the historical research in other fields. Historical accounting researchers began to devote more serious attention to the field notably in the 1970s (Arnold & McCartney, 2003), with a major growth observed during the 1990s (Matamoros & Gutiérrez-Hidalgo, 2010; Bigoni et al., 2021). Despite the evident reality that contemporary accounting practices reflect historical practices, advancements, and evolution across time, few individuals are inclined to pursue the pertinent study.

The advocates for the relevance of historical viewpoints in the evolution of human civilisation express worry regarding the insufficient interest in historical substance among researchers. This is particularly crucial for accounting scholars and practitioners. Sy and Tinker (2011) asserted that commercial-oriented accounting research, particularly in the industrial, manufacturing, and stock market sectors, receives greater emphasis, hence marginalizing historical viewpoints in accounting research. The editors exhibit a preference for works on current topics, notwithstanding the potential for deriving superior solutions for modern accounting challenges through the study of past crises.

Furthermore, Matamoros and Gutiérrez-Hidalgo (2010) highlighted that the majority of literature on accounting history is predominantly European-centric, given that Europe was the principal agent of colonisation. Their 2010 examination of historical accounting journals examines the authors' origins and study contexts, revealing that none are from Asia, with the exception of Australia. This discovery was similarly reported by Jones and Oldroyd (2015). Despite the extensive colonial occupation of the Asian region (except Thailand), this area is seldom utilised as a framework and background for historical accounting research. The quantity of documented historical accounting texts originating from Asia remains exceedingly limited.

Amongst of historical research in the Asian context includes: Kuasirikun and Constable (2010) on accounting history in Thailand; Lutfillah, Sukoharsono, Mulawarman, and Prihatiningtias (2015) on accounting during the Majapahit kingdom in Indonesia; Phan, Joshi, and Tran-Nam (2018) on the evolution of accounting standards in Vietnam; Anto and Nurani (2020) on social accounting practices over 600 years ago in the Majapahit kingdom; and Tuwow, Hariadi, and Djamhuri (2021) on asset accountability during the reign of Sultan Mudaffar Sjah II. Due to the scant research on accounting history within ASEAN, we advocate for more historical accounting research in this region.

### **Accounting history - the methodology**

In general, historical study is an inductive process to attach meaning to previous events or to develop a hypothesis based on several theoretical concepts to be proven. In fact, historical study is an intellectual endeavour aimed at comprehending and validating past events through evidence, individual and collective concepts, occurrences, and a sequence of interconnected chronologies (Previts, 1984). In the context of accounting history, it seeks to analyse and assign value to past events comparatively, while articulating them in accordance with contemporary requirements, including cause and causal relationship, involved parties, consequences and their subsequent reactions, as well as the interrelation of various pertinent events within any investigated accounting issue (Parker, 2010).

Nevertheless, the discourse of the validity in historical research often pertains to a methodology's ability to accurately represent previous events, hence facilitating the derivation of suitable conclusions, comprehension, and elucidation in alignment with the study's objectives. Thus, the chosen methodology will influence the closing process in historical research in deriving lessons, justifying prior actions, comprehending cause-and-effect relationships, and recognising the evolving dynamics of accounting technology and its professionals.

To resolve the aforementioned challenges, academics have suggested diverse methodologies by emphasising the merits and benefits of their chosen methodology (Walker, 2004). However, the distinctiveness of history, inherently genealogical, incites contentious debates concerning the legitimacy of various historical research methodologies among scholars of historical accounting as they seek to understand, rationalise, and clarify contemporary accounting issues (Stacchezzini et al., 2023). The disparities among these historical researchers are typically linked to their viewpoints regarding units of analysis—namely, individual, group, organization, and institution—and how these researchers interpret the influence of those units on the evolution of accounting practices in the past. As a result, researchers deployed diverse methodology in historical accounting study (Carnegie et al., 2020).

Thus far, the researchers can be categorised into distinct groups according to their paradigms and perspectives on comprehending humanity, interpreting meaning, delineating reality, human existence, and associated social practices, including accounting. Therefore, researchers' methodological variances are contingent upon their research paradigm, theoretical underpinning, and conceptual framework (Parker, 2015). Consequently, certain researchers regard past occurrences as objective fact, whereas others, adopting a more critical perspective, perceive them as subjective reality (Burrell & Morgan, 1979). The prevailing methodology employed is by Foucauldian genealogy (Stacchezzini et al., 2023), wherein researchers aim to comprehend and articulate contemporary accounting challenges in reference to historical conflicts while seeking potential resolutions.

Following the aforementioned discourse, we observed that discord and opposing arguments continually arise among the scholars of these differing perspectives. Nevertheless, it is beneficial to view these inconsistencies as an opportunity to offer varied methodological approaches that could mutually reinforce each other (Clarke & Varnava, 2013). For instance, Chua (1998) contended that the perspectives of the traditional accounting historian and the contemporary accounting historian are inherently subjective, making it challenging to determine which viewpoint holds greater authority, as delineating the distinction between them is difficult. Therefore, the researchers may opt to employ methodology that serves their research objectives. Apart from that, Chua (1998) also asserted that

“We cannot stand on evidence alone because evidence itself is not alone, being composed in allegories grounded in values and faith” (p. 620).

Thus, reliance on evidence alone does not ensure an accurate conclusion, as historical evidence is inherently metaphorical and interconnected with other events and contextual situations at the time of occurrence. As a result, researchers must assure the ability to conduct a comprehensive analysis through diverse methodologies.

Thus, this paper is focusing on an empirical process of a historical study of accounting practice during the colonial era in North Borneo (1881-1963). The main objective is to promote the importance of accounting historical study and to demonstrate a variety of approaches and data sources in a flexible, open, and thorough manner.

### **Colonialism in the North Borneo**

As mentioned earlier, this research aims to discuss methodological issues in accounting history research. We based our discussion during colonialism in the North Borneo. We acknowledge accounting as part of a whole and complex social practice that is related to other social practices (Burchell, Clubb, Hopwood, Hughes & Nahapiet, 1980; Gomes, 2008). Therefore, it is necessary to briefly discuss the historical background of North Borneo as a contextual setting of accounting practice.

The interests of colonial authority in North Borneo were publicly manifested with the signing of an agreement between the Sultanate of Brunei and the United States in 1850. Nevertheless, certain written documents indicate the presence of trade relations in this region with the Ming Dynasty in the 14th century, the expedition of Magellan in 1521, the Dutch invasion during the 17th and 18th centuries, and the arrival of vessels from Portugal and the Netherlands, culminating in the establishment of a colony by James Brooke in Sarawak in 1843 (Mail, Noordin & Rahim 2014, pp. 37-42)

The British colony commenced in North Borneo (now Sabah, Malaysia) in 1878 when Alfred Dent and Baron Gustav von Overbeck, an Austrian-born British trader, entered into an arrangement with Sultan Mohammed Jamalul Alam of Brunei. As a result, the British North Borneo Provisional Association Limited was founded. Subsequently, the British North Borneo Chartered Company (BNBCC) was established when the British government conferred a royal charter to Alfred Dent in 1881.

The interest of colonial powers in the 19<sup>th</sup> century, such as the British presence on Borneo Island, was driven by economic, political, and religious objectives, paralleled the actions of other colonial powers globally, rooted in the endeavour to propagate capitalism ideology and the industrial revolution. The endorsement of the British regarding BNBCC served as a political strategy to enhance British competitiveness and dominance in the region (Mail et al., 2020).

The accounting practice in North Borneo was accelerated in conjunction with the progression of commercial activities since 1881. A review of 82 years (1881-1963) from the inception of BNBCC until the independence of North Borneo from the British on August 31<sup>st</sup>, 1963, has witnessed the development of the area together with investment activities by BNBCC and other commercial entities from various countries. This period has recorded several political turmoils and power struggles, including World War One (WW1 – 1914-1918) and World War Two (WW2 – 1941-1945).

Throughout this period, accounting practices evolved in accordance with the increasing complexity of business operations and economic activity. Alongside economic growth and exploration, the British disseminated commercial acumen, accounting principles, and technology inside the colony (Clarke & Varnava, 2013). This evolution can only be understood and explained contextually by analysing alterations in the environment. Hence, our research concentrated on the evolution of BNBCC.

## RESEARCH DESIGN AND METHODOLOGY

### Data Collection

The reported study had been carried out for three years and financed by the Ministry of Higher Education of Malaysia. The objective of the study was to investigate the history of accounting practice and financial management in North Borneo from 1881 to 1963. The period of 82 years as the scope of the study was good enough to provide sufficient and various prime sources of evidence. Most of the data is in the form of archival documents such as periodical reports, gazetted reports, and financial reports, as well as non-periodical reports such as newspaper cuttings, photos, and the like. Those materials can be categorised as primary and original sources of data. These materials are deposited and well-maintained at the Sabah State Archive (under the purview of the Chief Minister Department) and the National Archives of Malaysia (under the Ministry of National Unity). Besides its unexplored status, the availability of an abundance of prime and original data for this study was a great advantage. As claimed by Fleischman and Tyson (1993), most historical accounting studies are based on secondary sources of data, in the form of literature evidence instead of empirical evidence from investigations on actual specimens such as business archival records and the like.

The abundance and variety of prime materials made it demanding for data collection and analytical processes. Figure 1 presents our archival research process deployed in this study. At the collection stage, random access was performed on a voluminous archival collection with a very minimal scope and focus on searching. It was an explorative process indeed. After a while, the search process was more focused as the intimation progressed between the researcher and the type and category of materials as well as the source of related information. The

prospect and information potential of a single archival material should not be underestimated before a proper investigation is carried out. Lee (2008), for example, started his research on accounting phenomena based on a piece of a letter written by an accounting clerk of a firm. This document was used as a platform to explore other related evidence to clarify the accounting practice and its contextual environment during the period.

<b>1</b>	<p><b>Initial Data Collection</b></p> <p>Random access to voluminous archives</p>
<b>2</b>	<p><b>Explorative Search</b></p> <p>Broad search with minimal focus</p>
<b>3</b>	<p><b>Focused Search</b></p> <p>Targeted search with clear focus</p>
<b>4</b>	<p><b>Material Investigation</b></p> <p>Detailed examination of archival material</p>
<b>5</b>	<p><b>Evidence Exploration</b></p> <p>Expanding research based on initial findings</p>

Figure 1: Archival Research Process

Source by this study

Moers (2007) acknowledged the difficulties of archival-based research since the nature and original purpose of the materials collected do not match the nature and purpose of the current research. Historical materials are collected from the collection sets related to specific previous events. In the case of this study, for example, the plantation labor cost of BNCC was derived from the British War and Colonial Office as well as the Foreign Office instead of the accounting report itself. The historical value of such a document is not meant for a specific research purpose; rather, it is kept merely for its historical value in general. Therefore, this type of data is usually limited in nature, valuable, and difficult to access. Thus, for academic research, such a nature will limit the opportunity and space for data collection. Historical primary data is not as flexible as data for much contemporary academic research. Furthermore, quantitative data such as economic reports need qualitative data to supplement them to explain accounting phenomena, such as actors and their roles and political elements in report preparation (Beattie, 2014). The following section presents our findings and discussion related to research method issues in conducting accounting history research.

## METHODOLOGICAL CHALLENGES IN ACCOUNTING HISTORY RESEARCH

### Materials or sources – related as evidence

Our exploratory study reveals that the basic issue usually faced by researchers is whether the material is accounting-related evidence or how far it is relevant and useful in the context of the researcher's need to answer research questions. Archival material such as annual reports, newspaper cuttings, and gazetted reports do not necessarily directly relate to accounting exhibits or have obvious or direct accounting elements but probably contain information about investigated accounting phenomena. This is in line with Carmona, Ezzamel, and Gutierrez (2004)'s elaboration, who insisted one needs to consider the basic question about the capacity of information to be qualified as accounting-related, conceptual questions about its accounting nature, and its functionality in describing the investigated accounting phenomena. This is particularly important for historical research with a constructionist approach (Walker, 2004; pp. 9-10), whereby the researcher develops a conceptual framework based on archival evidence.

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## Access to materials or sources

In our research, there are situation where we need to do cross-investigation to look for other possible sources of materials, in and outside the country, such as the British Library and National Archives in London. Since the managerial office of BNBCC was in London and its investors were in London (Mail, 2013), many high-quality archival documents strongly related to business activities in North Borneo are kept there. For example, the company's minutes of the meeting, policy papers, and parliamentary decision papers. Thus, these primary documents are not easily to be accessed by the researchers.

Additionally, while historical research on accounting practice and its development is relying on original evidence and transaction records, it was one of the major challenges for us to gather the hardcopy evidence such as the balance sheet and report on receipt and payment of operational expenditure in North Borneo, as these documents were sent to London for consolidation and reports preparation for the headquarters in London.

It is essential to have access to these documents as the consolidated information represents the summary of which reflecting the whole income and expenditure report for BNBCC, to be tabled before board members and shareholders. Through these records, not only format and jargon are observable, but practices and approaches shall be also traceable. For instances, the depreciation method, cost recognition, revenue and expenditure realisation, profit and loss, asset and liability, disposal, accounting period, and other managerial accounting and reporting practices. As we managed to access some of the documents, therefore, we are able to examine the transaction records prepared by other business entities from various countries, including those in operation in North Borneo during 1881-1963. Hence, the classification approach for financial archival data proposed by Moers (2007) can be used to facilitate the early stage of the investigation.

## Data reliability and validity

Despite having access to documents, another challenge that need to be addressed by researchers in historical research is data validity and reliability. In our study, we also utilised other source of information such as reports and empirical findings from previous studies that are comparable and useable to validate our findings. For instance, we made data comparison to support our findings, strengthening our arguments, and for additional supplement especially for the area that needs further clarification. Thus, in our study, the comparative analysis was performed based on the report produced by investors in North Borneo from other countries, like the US and the Netherlands, which we found quite different from BNBCC's report in the term of terminologies used and formatting. Next, we conducted another comparative analysis through a literature review which is necessary to guide and enhance our understanding on such differences.

## Bureaucracy

It is notable that most of the primary historical data exist in the form of artifacts which is protected as national treasures or valuable heritage with limited accessibility (see Walker, 2004, pp. 13-14). Therefore, accessing such data often requires navigating into the bureaucratic systems. Wang, Liang and Shu (2022) asserted that the increased availability of quantitative historical datasets will open up new avenues for research across disciplines, nonetheless, such datasets often exist within bureaucratic frameworks that dictate how and when access can be granted. Thereby, this bureaucracy potentially slowing down the research process. In our research, we faced challenge not only due to the wide scope and voluminous data, but also bureaucracy. Our study involves historical data collection which most of the materials are in document form that needs thorough examination. Nevertheless, photocopying and taking photos are strictly prohibited. Thus, the most difficult part is when the materials are kept in the museum and treated as an artifact.

## DISCUSSION

This paper presents a methodology issues and challenges in accounting history research from the lens our historical accounting research in Malaysia. While researchers in accounting history can be categorised into a

few groups based on their ontological and epistemological backgrounds that influence their views about accounting and its history. Such differences between them can be categorised into two major strands. The first strand is the traditional group, positivism and realism, while the other is the critical group, or interpretive group. Both groups usually advocated their own view on the legitimacy, reliability, and dependability of the process and outcome of their research process. However, this paper is not going to elaborate in detail on the differences between these groups.

Our work focuses on offering insights into data collection since it influences data processing, a crucial phase in historical research. Since historical research is predicated on prior evidence, which necessitates an interpretive process, the information gathered to create the interpretation is rather essential. Even though an event's historical background was broad and open, these factors must not be ignored to obtain the most realistic and reflected image of past events related to the phenomenon of research or stud. Moreover, it is evidence that historical data may not be able to answer research questions prepared previously as there is possibility it deviated significantly from the purpose of the research. Therefore, according to Poullaos (1998), the archival evidence might not be able to answer 'why' and 'how' questions. For example, historical accounting and financial reports might not be able to address sufficiently the contemporary accounting issues of the current accounting research. Therefore, deploying effective data collection or research materials are crucial for better data analysis that support the purpose of each historical accounting research. We have highlighted challenges related to data collection in historical research which are data/materials availability, accessibility, reliability and validity as well as bureaucracy. These may hinder effective data collection and thus affecting the quality and accuracy of data being interpreted.

Besides, we also deliberated that in comparison to contemporary research like stock market studies, for which credibility and validity analyses are easier to perform, historical study is rather trickier. The same experience was shared by Moers (2007), who found that data analysis in archival research is more difficult due to the notion that the available data was not prepared in the form ready to be analysed. Rather, the purpose during its establishment, scope, focus, and format and form could deviate away from the purpose of current research. Furthermore, it is challenging to interpret previous events within their previous context, based on the contemporary theoretical framework, views, and assumptions, as it requires meticulousness in understanding human decisions and the rationality structure they employed (Fleischman & Tyson, 1993). However, according to Parker (2004), this situation could provide opportunities for researchers to explore various possible contextual settings, which would potentially describe and interpret the historical events better.

Despite challenges and limitations in securing data for historical research, Lee (2008), in his study, proved that a thick and comprehensive analysis can be carried out on the available yet limited data to come to a rich and informative conclusion. Through his investigation of a piece of a letter written by an accounting clerk to his father in 1946, he managed to highlight the contextual background of accounting practice during the period, the actor's trouble in performing accounting tasks, conflict in the organisation, and accounting development in industrial progression. Lee (2008) concluded:

"...when archival material exists, accounting historians can make considerable use of it, not only to inform accounting history... also to add a social context that creates greater understanding of the historical times, as with travel options, postal services, and social activities... within a social context, adds to existing knowledge..." (p. 66).

In investigating the accounting history in North Borneo, most of the data are from archival deposits concerning transactions and economic activities. The background of the transactions took various forms, such as politics, socioeconomics, legal, and even culture. For example, in the case of BNCC, when the price of rubber and tea was at their peak at the end of the 19<sup>th</sup> century, labor cost was the most critical component of operational costs. It became the prime concern in the region among the competing colonials in Indonesia, the Philippines, Singapore, and Malaya for such labor-intensive production. Accordingly, the British, Americans, Spanish, French, and Dutch scrambled for labour from China, India, Ceylon, and Java. Each competitor mobilised their political spectrum. It influenced accounting methods, particularly in product costing, recording, and reporting.

Chinese labour was more expensive, double the cost of Indian labour but the former was three times more productive than the latter. As reported in *The British North Borneo Herald* (1897):

“It must be confessed that the common saying “one Chinaman is worth three Klings” has a very solid substratum of fact behind it: but here again the Chinaman does not much like road-making, while Malay, racially speaking, has no idea beyond the rude rentis of his forefathers. Against the want of muscle and stamina on the part of the Kling also must be put his much greater cheapness, half the wages paid to a Chinaman sufficing for his wants. He is also not only willing but anxious to bring his wife and children to the scene of his work—a decided advantage when, as on coffee states, female and juvenile labour of a light nature can be utilized.”<sup>1</sup> (p. 3).

Besides real Chinese labour costs (differences between wage and productivity), side benefits such as cheap labour, the cost of their spouse and children were also considered. Indeed, sociocultural practice and the family system of Chinese labour (migrated with family members) provided the cultural and social context to describe the accounting context (Mail et al., 2014; pp. 173-184). Meanwhile, the nuisance of labour issues in North Borneo was interconnected with the labour policy imposed by the Colonial Office, which was concerned with subsidies on transportation and migration of labour, labour incentives, labour welfare policy, and British interests in competing with rivals, Holland in Indonesia and America in the Philippines. These contexts influenced accounting practices, such as the capitalisation of labour costs related to land development among companies in North Borneo. This option was taken when the shareholders voiced their dissatisfaction towards high labour costs which increased the operational cost significantly and reduced profit consequently (Mail et al., 2020, pp. 202-284).

The above illustration indicates the need for rigour and comprehensive analysis in accounting historical research, besides an aggressive and extensive data collection process. Indeed, accounting itself has been acknowledged as a contextual social practice that needs contextual settings to understand its existence and changes process (Bigoni et al., 2021). In the same vein, Parker (2004) advocated the effort to understand accounting:

“...is extended beyond its conventional accounting and management chronology to include consideration of co-present, cyclical, relativist, structuralist, and spatial time. Intrinsic and reflexive relationships between past, present, and future are explored” (p. 1).

Archival material such as financial reports reflected the situation during the transaction, the roles of actors and other parties, and the complicated interconnectedness with other variables and contexts, which is represented by the figurative presentation. The figure was manifested by several pieces of qualitative information, which are significant to understand the whole picture. As such, data analysis in the historical study requires comprehensive consideration of various assumptions and theories of many disciplines, such as economics, culture, politics, and psychology, to understand and describe an accounting phenomenon (Beattie, 2014; Walker, 2004).

In the case of accounting history in North Borneo, however, a vigilant process had to be carried out to avoid an oversimplified and taken-for-granted analytical process by simply using contemporary theory on the past and its contextual settings, as argued by Parker (2015). Behind its complexity and rigorous pursuit, it always offers an opportunity for new discovery (see “another crime discovery” by Walker, 2004, p. 18). In the case of accounting historical research in North Borneo, it was discovered that the issues of information asymmetry, agency issues, and creative accounting appeared to be mobilised by the managers in North Borneo in preparing financial reports, purposely to safeguard their interest at the expense of shareholders’ interests.

## CONCLUSION AND RECOMMENDATION

Our research focusing on providing insight on plausible research method that can be deployed by researchers who are interested in embarking into accounting history research. We discussed on data collection challenges

<sup>1</sup> *The British North Borneo Herald*, No. 1, Vol. XV, 1<sup>st</sup> January, 1897; A new aspect of the labour problem, p. 3.

which affect the data analysis. However, we also postulate example of data analysis despite challenges in faced in data collection. Our research discussion is in tandem with Fleischman and Tyson (1993) and Bigoni et al. (2021) who emphasised that researchers in accounting history should prioritise real evidence of archival documents or artifacts rather than just relying on reports of previous research. Other than the original document, the approach should also consider methodology, analysis, and concluding processes for those appreciative of the nature of and uniqueness of historical research. In this notion, we advocated that since accounting history research concerns time and space, data sources and reference materials should not be limited to those directly related to accounting alone, but other documents too which could illuminate the existentialism and attributes of accounting in the past. Therefore, the explorative effort to acquire real and authoritative evidence should be prioritised although challenging and demanding, as presented above. On the analytical aspects, special skill is necessary to understand accounting phenomena in the past and their interconnectedness with previous events and development.

Nevertheless, our study is not without limitation. Firstly, we only focusing on research method challenges and data analysis. We did not provide full case study from our research. Hence, we propose for future research to be conducted in accounting history research with more rigorous and empirical evidence like case studies.

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