



Jurnal Dinamika Akuntansi dan Bisnis

URL: <http://jurnal.unsyiah.ac.id/JDAB/index>



Accounting Practices in the Golden Era of Sultan Babullah: The Sultanate of Ternate (1570-1583)

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<https://dx.doi.org/10.24815/jdab.v7i2.16761>

ARTICLE INFORMATION

Article history:

Received date: 19 May 2020

Received in revised form: 20 July 2020

Accepted: 20 July 2020

Available online: 25 September 2020

ABSTRACT

This study aims to explore the accounting practices and their development during the Ternate Sultanate of Sultan Babullah era (1570-1583). This period is a golden era of the sultanate as it the Sultan Babullah successfully expanded its power from the north of Mindano to the south of Bima and from west of Makassar to the east of Banda. Using document analysis and interviews with the sultanate descent family members and historians as the primary source of data, this study employed ethno archaeological approach. The results revealed that accounting was demonstrated in various types of activities included economic transactions in traditional markets, the use of money for covering social needs, and taxation mechanisms. The Sultanate also developed a well-arranged of taxation system where all types of taxation could be paid not only with money, but also by providing manpower to the *Kadaton* (or palace), goods, and *kora-kora* (or royal fleet).

Keywords:

Accounting history, ethnoarchaeology, Sultan Babullah, Ternate, suba jou.

Praktik Akuntansi Era Keemasan Sultan Babullah: Kesultanan Ternate (1570-1583)

Citation:

Assagaf, N. A., Sukoharso, E. G., & Baridwan, Z (2020). Accounting practices in the golden era of Sultan Babullah: The Sultanate of Ternate (1570-1583). *Jurnal Dinamika Akuntansi dan Bisnis*, 7(2), 151-166.

ABSTRAK

Penelitian ini bertujuan untuk mengungkapkan keberadaan praktik akuntansi di Kesultanan Ternate dan perkembangannya pada era pemerintahan Sultan Babullah (1570-1583) dengan menggunakan pendekatan etnoarkeologi. Periode ini merupakan periode keemasan Kesultanan Ternate dengan kekuasaan yang membentang dari Mindanao di utara hingga ke Bima di selatan, dan dari Makassar di barat hingga ke Banda di timur. Metode pengumpulan data dilakukan dengan teknik analisis dokumen bersejarah dan wawancara dengan sejarawan dan keluarga Kesultanan Ternate. Hasil penelitian menemukan bahwa akuntansi pada masa tersebut ditemukan dalam berbagai jenis kegiatan termasuk transaksi ekonomi di pasar tradisional, penggunaan uang dalam banyak kebutuhan sosial, dan mekanisme perpajakan. Selain itu, Kesultanan juga mengembangkan sistem perpajakan yang tertata dengan baik dimana tidak semua jenis pajak dibayarkan dengan uang, tetapi juga dapat dibayar dengan menyediakan sumber daya manusia untuk Kadaton (*heerrendiensten*), dalam bentuk natura, atau dalam bentuk armada kerajaan (*kora-kora*).

Kata Kunci:

Sejarah akuntansi, etnoarkeologi, Sultan Babullah, Ternate, suba jou

1. Introduction

The history of accounting in Indonesia has become an emerging research interest among Indonesian accounting scholars. Accounting was

merely seen as a technical activity illustration which independent from the environmental context for instance politics, social, economy, or culture where it operates. The recent development

of accounting literature introduces a new perspective of accounting where accounting is considered not as a simple calculation anymore, rather as a system within the evolution chronology (Sukoharsono, 1995). Moreover, Miller & Napier (1993) offer a new perspective by considering external factors and emphasizing the essence of accounting changes in responding to the internal factors.

Sukoharsono (1993) states that the existence of the accounting system in Indonesia history can be seen from the data proof of each phenomenon, such as in inscription of taxes transaction data. According to Suarbhawa (2009) inscription is one of the pieces of evidence that has an excellent quality in the reconstruction of ancient history. It provides a comprehensive picture of various situations and events that happened when the inscription was made. Sukoharsono (1995) argues that accounting exists in a business society that is affected by the environment culture where accounting develops.

Studies on accounting historical development have been carried out by some researchers. For example, Sukoharsono & Qudsi (2008) explored accounting development in the golden era of Singosari Kingdom, while Budiasih & Sukoharsono (2012) investigated the accounting practices in the kingdom of Udayana in Bali. The prior studies were mostly undertaken in the west and middle area of Indonesia region, while studies of accounting history in the east side of Indonesia is still very scanty. Furthermore, Gaffikin (2005) studied the history of methodological changes in the development of accounting research. Besides, Moore (2005) conducted an accounting history research that focuses on historical inquiry as a starting point for the development of the accounting profession. Funnel (2005) also researched on the history of accounting developments with one of the focuses being related to public sector accounting in the UK.

This study explores accounting practice in the Ternate Sultanate which involves the use of money as a medium trade and accountability of the Ternate Sultanate and its taxation system implementation based on spiritual value. The period of Sultan Babullah (1570-1583) was chosen as the study context because the Sultanate reached its golden era under his leadership. The Sultan Babullah also able to repel the invaders and it brought him to reach the top era by taking control of 100 inhabited islands (Forest, 1969).

The Sultanate of Ternate or also known as Gapi Kingdom is one of four Islamic kingdoms in Maluku and it is acknowledged as the oldest Islamic kingdom in the Indonesia archipelago. The Ternate Sultanate had an important role in the east area of the archipelago between the 13 to 17 centuries. Previously, there were only four villages in Maluku; where each of them was headed by a leader called *Momole*. The four villages, later on pioneered relationships with the traders coming from different regions and continents seeking spices (Amal, 2010). The Ternate residents were more heterogeneous because of the Arabian, Javanese, Malay, and Chinese traders who decided to stayed and live in Ternate. Because of the crowded trade activities and the threat of rubber, the Ternate residents conducted a meeting to decide the leader or king on *Momole* authority and finally to build a stronger organization to avoid discord (Rusdiyanto, 2018).

In 1257, *Sampalu* leader named *Momole* Ciko was chosen as the *Kolano* (or king) with the title '*Baab*'. He was the first king who obtained the title of *Baab* Mashur Malamo (1257-1272) and became the first king for 20 years. At that time, the kingdom center or capital city was in *Sampala*, located in the west sea of Ternate Island. Further, this capital city is acknowledged as '*Gam Lamo*' (large village) (Daud, 2015).

The area around the kingdom was known as spice producers. Hence, a lot of foreign traders came in purpose of trading. The Sultanate of

Ternate was established and finally had a better kingdom system including the trading system. Various types of Ternate spices attracted traders from all over the world and later on, the European traders came and started political chaos in the region (Maluku) (Andaya, 1993).

Ternate was the main destination target of the local and foreign traders to obtain spices (Sapari et al., 2011). Automatically, it stimulates various culture and religion interactions and development in the area. However, the local values believed by the local society including Ternate still existed. The belief consisted of values related to god, human relation, and human relation with nature. These cultural values were believed as the Ternate society guideline which is multiethnic and multicultural.

One of the values is ‘*Suba Jou*’ (or worshipping god) concept. Sjah (2006) explains that the decision-maker and the kingdom decision always based on the *Suba Jou* concept, namely ‘*Adat Ma Toti Agama, Agama Ma Toto Kitabullah, Matoto Rasululla Se Jou Allah Ta’ala*’ (or the culture is based on the religion, the religion is based on the Quran and Hadits, Quran and Hadist are based on the prophet Muhammad and Allah). It means that the entire society’s activities should be consistent with the culture because it was based on the religion which coming from god roles in Quran as the guideline including the financial side including the accounting and taxation system.

This study aims to explore accounting practice and its development in Ternate Sultanate especially in the Sultan Babullah era (1570-1583). Using the ethno-archaeological approach, this study was motivated by previous research on accounting in Indonesia history (for instance, Sukoharsono & Qudsi (2008) on the Singosari Kingdom; Budiasih & Sukoharsono (2012) on the King of Udayana in Bali). Unlike prior studies, the research object of this study is the history of the kingdom situated on the east side of Indonesia, namely the Islamic kingdom of

Ternate Sultanate. It has stronger cultural and spiritual beliefs, for example, the concept of *Suba Jou* during the Sultan Babullah era (1570 to 1583).

Through the study of inscription, historical writing, object, building, or cultural history, the accounting practice or financial arrangement during the era were revealed. Further, the dimensions of social value, economy, politics, and spirituality also elaborated to understand the existed accounting practices. The primary focus of this study is how was the development of accounting practice based on the *Suba Jou* concept which plays a role as a life guideline and a religious philosophy of the Sultan Babullah era (1570-1583)?

The findings of this study contribute to the accounting literature on the role of the local culture and spiritual within accounting practices and mechanism. The findings enrich the accounting theory especially on the accounting history and the intertwining of archeology and accounting. The historical accounting practices not only play a role in explaining how accounting was practiced, but also for the present and current accounting theory and practices particularly in decision-making process.

In addition, the findings also provide a practical contribution for accounting scholars who are interested in historical accounting in Indonesia by taking into account the function and role of accounting in society. In doing so, the scholars need to explore the local cultural values and spirituality which has affected the accounting practices. In terms of policy formulation, this study can be used as a reference for accounting standard setters in designing more appropriate standards that consider society values, and norms. The next section discusses the theory of historical cycles, historical accounting research, accounting practices and their development in the social environment and historical perspective.

Section III describes research methods, namely the ethnoarchaeology approach as

analytical tools, research locations, methods and types of data, research framework, and data analysis. Section IV presents a discussion of the existence of the Sultanate of Ternate, the reign of *Babullah* (1570-1583), money as a transaction tool, and the trading system at that time. Lastly, the final section provides the conclusions, limitations of the study, and research implications.

2. Literature review and hypothesis development

Accounting history research

Practically, accounting is related to activities that involved two or more individuals in an accounting dynamic interaction context with the environment; viewed from social, cultural, politics, or economic aspects of a society (Budiasih & Sukoharsono, 2012). The social environment that includes culture is one of factors which supports the success of accounting practice implementation. According to Sukoharsono (2005), accounting events in the past is referred to accounting history, while today's event is where accounting exists and future accounting event is called as accounting prediction. History is considered as a building foundation; the higher level of historical understanding, the stronger of its building (Budiasih & Sukoharsono, 2012). Historical accounting practices were not only played an important role in theory development or practices for decision making consideration in the past but also plays a crucial role in today's and future's condition (Alexander, 2002). Likewise, accounting history is the basis of the existence of accounting in the future.

Historical evidence can be reviewed through historical data both in written form, in the form of inscriptions, and historical studies or not in written form, but in relics form such as ancient buildings, stone sculptures, Chinese ceramics, metal coins, and papers, as well as various other artifacts related to accounting practices.

Accounting which is explored in this study not only involves numerical calculation, but it is more on cultural and spiritual dimensions in every aspect of human life especially in the sultanate environment. In science, history is important event that happened in the past and may give influence for future events. The accounting events are referred to how was the accounting recording process taken place in the sultanate system, how was reporting defined, relevant policies formulated. These events are important in understanding accounting development history (Mulya et al., 2014).

The existence of accounting practices

The historians believe that the record system was started around 3000 BC. At that time, bookkeeping was in a form of writing, the introduction of Arabic number and decimal, algebra, and the use of standardized barter media (Putri, 2010). Further, the stone bark and palm leaves were used as record media. To date, the oldest record proof which founded and keeps well is coming from Babylon in 3600 BC.

The accounting record system was implemented by Muslim society before the Arabic number was introduced. The record was required as the Muslim people need to calculate *Zakat*, a religion based retribution as the responsibility of every Muslim (Zaid, 2004). The accounting practice served as a reporting tool for calculating *Zakat*, one of the Islamic pillars. Furthermore, Croix (1956) shows the evidence that accounting practices founded in the classical Greece era. However, the implementation of the double bookkeeping was not well established as the people did not familiar with the Hindu-Arabic and 0 numeral system. Hence, the accounting record did not have any meaning. The Hindu-Arabic numeral system was introduced to the west European by the Muslim people in Spain. The work of Al-Khawarizma, the Persian mathematician, who documented the arrangement of the accounting system in the old Islamic

kingdom to fulfill the *zakat* obligation of every Muslim (Zaid, 2004).

In 1494, a mathematician named Luca Pacioli published a book with the title '*Suma de Arithmetica, Geometrica, Proportioni et Proportionalita*'. The book introduced bookkeeping mechanism based on double bookkeeping system. The double bookkeeping system as found in the sub title '*Tractatus de Computis et Scriptoria*'. Later on, it was expanded by Pagani, the father of modern accounting, in a work entitled '*La Scuola Perfetta de Mercanti*' (Alexander, 2002).

According to literature, accounting was used firstly in Indonesia by the Netherlands colonialism around 1642 or in 17 century, but the detailed convincing proof was found in the adopted bookkeeping system of the *Amphioen* Society, started since 1747 in Jakarta. After the independence of Indonesia in 1945, the government still used the old bookkeeping system which was introduced by the Netherlands until 1960. Later on, the accounting system was changed from the Netherlands continental system to the United States accounting system called Anglo Saxon (Budiasih & Sukoharsono, 2012).

Accounting practice in a social environment

Many disciplines have developed significantly for the last decades, for instance, social science, natural science, art science, and literature. Accounting is coming from social science or specifically economy commonly called as a business language. Accounting is a discipline that studies information needed by business community to attain an efficient and effective financial evaluation activity.

Accounting should be viewed as a dynamic phenomenon that interacts with environment where it operates. Hence, when the environment changes, accounting is able to adapt quickly and accordingly. According to Robson (1991), the accounting dynamics may maintain its integrity, legitimacy, and strength in fixing various social

practices in a society. Accounting play an important role in social activities as it has implication to the creation of patterns in a society.

Accounting practice in the perspective of history (Kingdom)

Accounting practice has emerged since the Islamic golden age, for example during the Abbasiyah (or Abbasid) dynasty. The Abbasid dynasty is the most successful Islamic kingdom especially in terms of Islamic civilization. The Abbasid dynasty authority had begun from 750 C/132 H to 1258 C/656 H (Aminullah, 2011). In this period, Islamic civilization was in its golden era where the Muslim world led the development of many fields, for example, economy. Consequently, the accounting practice in the dynasty was advanced.

Accounting system in the Abbasid dynasty era known as *Merdiban* system. This record system was divided into two kinds; one book for fiscal recording and the other one for military recording. The *Merdiban* system brought a big influence on the economy and accounting development. Hence, the dynasty economy arrangement can be properly controlled and managed. It applied sharia value and principles in every activity (Thahirah, 2016). Thus, this system confirms that the development of science and culture has influenced accounting practices. Moreover, each era or society defines definition of accounting differently that aligns with society development. This development will continuously occur based on the dynamics of the era or society (Mulya et al., 2014).

Similarly, the accounting development and practices in kingdom history also cannot be separated from the knowledge development and demand of the environment. Accounting which is emerged from science and thinking produces act of accountability, for instance accounting for assets, taxation, etc. Besides, accounting is used as media of responsibility of economical

activities in society organization, government, including the kingdom.

The influence of religion on accounting development

Accounting not only produces numbers but it also able to reflect the society's social life where it is used. Mathews & Perera (1996) describe that accounting as the sword with two blades. Accounting may be constructed through its environment (socially constructed) and may be constructed from its environment (socially constructing). Accounting is not value-free science and practice, but it is a discipline and practice that has a requirement to be valued. It means that accounting was not constructed by environmental influence only, but it also can affect the environment; in this case, the behavior of accounting information users.

According to Mangunwijaya (1985), accounting exists because of the human thoughts that are presented in a language. The language itself is the strongest symbol that produces rational and irrational civilization. The rational factor is an inanimate object that can be moved by human thought. Beside the rational factor, there is an irrational factor which also plays a crucial role. Religious, spiritual aspiration and culture are the support system of irrational factors (Budiasih & Sukoharsono, 2012).

Accounting intends to release human from the transitory and capitalistic world, taboo in human life orientation, and make human to turn away from god's power. Accounting is a stimulus that aims to bring the direct and human path to the submission to God (Triyuwono, 2009). It has been widely accepted that accounting definition is not as narrow as thought by ordinary people who interpreted accounting as solely technical number management activity. In fact, accounting has big spiritual strength in wide field including all human aspects in their environment.

3. Research method

The ethnoarchaeology

This study is a qualitative based study that employs ethnoarchaeology approach to address the research question. This approach was used to gain an understanding of accounting practice construction in the past (Budiasih & Sukoharsono, 2012). To obtain more detailed information about accounting practice in the Sultan Babullah era (1570-1583), the method which able to reveal the answer of research problem deeply is required. Ethnoarchaeology is a discipline which learn about traditional society group life by using ethnography data to solve the archeology problems (David, 2001).

Ethnoarchaeology is a combination of ethnography and archeology. Ethnography means, the writing in a form of a report which is fulfilled by other cultures, and it is written by the anthropologist based on the field record. Recently, ethnography has been transformed as the fundamental tool to learn deeper aspects of society; not only in limited and isolation scope but also in a wider scope and multicultural situation. On another side, archeology is a science that learns about historical evidence in the past through systematical analysis.

This study utilized a historical approach obtained by collecting the past inscriptions and manuscript of the Ternate Sultanate especially information related to the trade and accounting practice in that era. Because of this study applied ethnoarchaeological approach, unwritten historical of relic ancient objects such as *Kadaton* or palace, statues or the object which became the kingdom symbol, and other objects related to the accounting practice construction in that era were needed to support the data. Researchers also conducted intensive interviews with informants who were considered to be able to provide information relevant to research questions, for example, *Ofa* (the prince), kingdom young *Mufti*, historians, and epigraphs.

Data collection method

To know the accounting practice construction that happened in the Sultan Babullah golden era, the researcher visited historical sites, namely the Ternate Sultanate *Kadaton* (or palace), the European fortresses, and the harbor which was a trade center, and other historical places. Additionally, the researcher conducted interviews with several interviewees who have detailed information related to the Ternate Sultanate during the Sultan Babullah era (1570-1583). Thus, the researchers can feel, describe, and imagine what happened in that era. The interview was conducted in January 2020 using is a semi-structured interview method. The interviews were tape-recorded with an average duration of 60 minutes. The interviewees are the *Ofa* (prince), the Sultanate young Mufti, *Suseba* (traditional apparatus), historian, archeologist, and cultural observer.

Documentation for examples, pictures taken during the research process can also illustrate the truth of the existence of the Ternate Sultanate and its contents. Beside visiting *Kadaton* of Ternate sultanate, the information sources also taken from the government documents, tabloid (Ternate Sultanate publications), book, *Tulilamo* daily record (clerk) in *Hiyakat Naidah* which was translated by Crab (1862), trip report of Pires (1515) and Galvao (1544), officials government documents in sultan Babullah era. The important archives consisted of agreement and Sultan appointment were collected from the national library, national archives of Republic of Indonesia, and the Ternate archive office. The archeology data needed for this study were collected through historical objects documentation, non-participation observation, and interviews.

The data analysis

The data analysis consisted of grouping and arranging collected data to ensure a deeper data interpretation is achieved (Budiasih &

Sukoharsono, 2012). A qualitative analysis technique was applied to analyze the research data with the ethnoarchaeology as the primary data collection method. The next was interpreting the meaning of historical facts in written or unwritten form. The interpretation results describe the field finding synthesis, theory perspective, and other value frameworks.

4. Results and discussion

Accounting practices and the Sultan Babullah

Baab Ullah or Babullah Datu Syah was born in Ternate, 10 of February 1528. Baab, his popular nickname, is the eldest son of Sultan Khairun and Boki Tanjung. Baab was appointed as the sultan to substitute the late Sultan Khairun. He was the 24th Ternate's sultan who led from 1570 to 1583 (Amal, 2009). Francis Drake who met Babullah in his visit in Ternate on 5 to 9 of November 1579 said that "*Babullah was the Lord of a hundred islands*" (Forest, 1969).

Baab was the greatest Sultan in the whole Ternate and Maluku history. He was successful in bringing the country and society to the top of authority legitimacy and defeating the Portuguese. Hence, The Ternate Sultanate could reach the golden era (Amal, 2009). The nickname of Babullah is 'the king of 72 islands' which all the islands were inhibited (Ruray, 2010). In the Babullah era, Ternate became the strongest kingdom and had a big influence on the politics or military in the east of Indonesia at that time.

This study found that the accounting development during the Sultan Babullah (1570-1583) era was related to the use of money as a medium of exchange and transactions, taxation in terms of types and mechanisms of imposition, and accountability of assets. The accounting treatment is inseparable from the religious philosophical concept of *Suba Jou (Jou se Ngofangare)* which emphasizes the relationship in terms of rights and obligations between the sultan and his people.

In line with research Sukoharsono & Qudsi (2008) that raised the topic of accounting in the

Singosari era using the Foucauldian perspective. The findings of the study suggest that in the era of the Singosari Kingdom claimed to have known money as the ancient Javanese era used the gold and silver medium of trade.

Besides, information related to taxes on the *Sima* inscription which was originally a tax submission to the kingdom in administrative, socio-economic activities, and the needs of the *Sima* community.

The difference of findings in the era of the Singosari Kingdom proposed by Sukoharsono & Qudsi (2008) and the era of Sultan Babullah in this study is considered normal. Some of the factors

behind these differences are time, demographic factors, culture and culture.

Money as the exchange medium and transaction tool

In nowadays modern society, money is viewed as an integral part of daily life, especially in economic activities. According to Mankiw (2006), money has three functions: as a medium of exchange, store of value, and unit of account. Money had long historical development. The barter system became inefficient as it was more complex and inappropriate to be implemented in this modern era. The efficiency of using money to replace barter transaction has led to a rapid trade development.



Figure 1. Ternate Trade Line Map
Source: Ternate Archive Office (n.d)

In Maluku, money was used as a transaction medium for buying and selling along with the barter system in transaction. The barter system is considered more complex because of difficulty in determining the value of the exchanged goods. Besides, it was also a challenge to find people who want to do the barter transaction (Sahar & Setiartiti, 2016).

Money transaction was not separated from economic development through the trade which

developed rapidly. According to the Leirissa (1999), international trade and the national trade especially in the east side of Indonesia, namely the shipping line in Maluku including Ternate, was very attractive for traders in the XIV century. The line was stretched from Malaka strait to the north Java coast to Banda and the east side of Indonesia especially Maluku.

Galvao (1544) points out that 'ships or junks came here by the Borneo route. They were the first

to be seen in these islands, and they always came from the direction'. According to Galvao, Chinese traders were the first people who came and did the transaction in Maluku. The Chinese came in purpose to buy spices in large numbers by using 'Fang', the currency in T'ang dynasty period (Ahmad, 2016). The money was in a form of a small round with the square hole in the middle; so that it can be put together and tided up into one thousand (Reid, 2011).

However, when the relationship with China was declining in 1500 the *Fang* money became rarely used in the market. Apparently, the Chinese money (*Fang*) had been imitated (fake money) in Java and other places to maintain its supply in the market. Pigafetta (1524:60) believes that the Chinese money used in Brunei was produced by surrounded Islamic communities. In 1537, the Portuguese offered the people in Maluku Portuguese currency by perforating the currency to be easily being tiled and accepted by society (Galvao, 1544:270-273).

The decreasing of local substance currency, Galvao concluded that the leader had a lower income. Therefore, he requested to widen the sea trade relations and required the use of Portuguese money in all transactions to increase the trade number (Jacobs, 1971:323-325). Thus, the economy politics was strengthened by forcing the use of Portuguese currency by Galvao (Andaya, 1993:124). For the first time, the Portuguese currency was introduced in Maluku, in the 15th century. At that time, *Cruzado* was the most popular Portuguese currency. Pires describes that one *bahar* mace (similar with 7 nutmeg seeds or 261 Kg) was equal to three to three half of *Cruzado* (Razif, 2017:76).

Taxation in Ternate Sultanate: the mechanism and accountability

Historical development accounting practice has a close relation to the social life aspect and culture where accounting developed and operated (Sukoharsono & Qudsi, 2008). In this study, the

taxation accountability during the era of Sultan Babullah was considered as an important component because the Ternate Sultanate reached its golden era as the largest Islamic Kingdom in the east. The taxation accountability practice in Sultan Babullah era could be reflected by the tax collection system based on the provision and mechanism type of the sultanate regulation. This current study explored taxation accountability in the Sultan Babullah era which related to the cultural social aspect by analyzing the relationship between the Sultan and his society.

The income of Ternate Sultanate generally originated from tax collection using several tax schemes and the policies (*ngase* or tax system). Society had high acceptance of the tax as it served as a way to thank the Sultan. In each sultanate authority area (district), there was a deputy sultan (*Oetusang*) and regent (*Sangaji*). Both the deputy sultan and regent were appointed/ existed to maintain the good relationship between each district and the palace (*kadaton*). Such a relationship was reflected in a taxation system which coordinated the obligation of the people's to the Sultan (Leirissa, 1996).

The taxation accountability mechanism was vertical (upward) accountability. The Sultan gave the mandate to each *Sangaji* (or regent) to be responsible for tax collection on their district. However, the people must pay the tax to the *Sangaji* as the mediator based on the Sultanate regulation. *Sangaji* as the society tax mediator had to report to the Sultan, while the Sultan had a responsibility to give ensure people welfare through a good budget plan of the tax collected from his people.

The taxation payment was the largest income source of the Sultanate. Therefore it should be utilized effectively to attain the outcome related to the infrastructure development needed by the people and the Sultanate. The rate of tax payment was high as the people fully believed in the Sultan.

According to Leirissa (1996:173), the tax required by the Ternate Sultanate consisted of

three components: providing the manpower to fulfill the need of the *kadaton* (*heerrendiensten*), goods, and *kora-kora* (the kingdom fleet). Further, the tax in form of manpower was divided into: human resource for the *kadaton* family (slave), the workforce of forest and clove business, the kingdom fleet or *honggi*. Additionally, the *ngase* (or tax) system was collected from the forest and sea result.

Besides tax, the other income source was rewards or war booty from the conquered kingdoms. The rewards considered as the tribute and the acknowledgment proof of the regions were controlled by the Ternate Sultanate authority. The tax was not only taken from the trader (the trading tax), but also the sale income tax, and the port charges/ tax from the anchored ships. The *Syahbandar* (or Chief of port) had the responsibility to collect tax and maintain the record of the depart and the arrival of ships in the port (Reid, 1999).

The Accountability of assets in the Ternate Sultanate

Islam teaches its followers to use their assets for kindness and be responsible. Further, the prophet of Muhammad emphasized that Allah is the real owner of the entire assets existed in the world mandated them to humans as the users (agent of trust) (Antonio, M, 2010). If we analyzed the asset values in the Sultanate, we would found that the Sultan as the leader manage the assets in purpose to reach social welfare and able to prevent the use of assets for individual purposes only (whether by the government officials of the Sultan himself) that may lead to a weakened economy.

Accounting upholds the truth and transparency in every process; starts from the asset collection until the reporting activity. Hence, accountability becomes a crucial element to ensure the users can benefit from the report to make decisions (Mulya et al., 2014). The Sultan with his title *Alam ma Kolano* (leader of the world)

considered the authority as a single, united, and absolute. It means that the authority is not the place for competition, divided, and partitioned (Hasyim, 2018). For this reason, the Ternate Sultan had a big responsibility to do the mission in purpose to strengthen the sultanate. They also believed that the success of a sultan is attained if the sultan can fulfill all the kingdom missions.

The Ternate sultanate called the land with *aha*. *Aha* is the basic word from *kaha* which means land. In Ternate language, *aha* means that the right of the land. According to the Ternate sultanate traditional regulation, there were 5 types of land right: Firstly, *Aha Kolano* (the sultan's land); a land for the sultan and there was no tax required for this land. Secondly, *Raki Kolano*; a land which commonly use for gardening and it planted with sago and bamboo. This land was the public area for the society, not individual ownership.

Thirdly, *Aha Soa*, a land given by the sultan to the *soa* (clan) and it cannot be sold or bought. Fourthly, *Aha Cucatu*, a land given by the Sultan for the society to be maintained individually, while the result of it (*aha cucatu*) would pay the tax (Asyhari, 2008). Fifthly, *Gura gam*, a land given by the Sultan to villages and it functioned as a garden which the result could be useful for the society.

The sultanate also had assets in a form of a palace as the reward of the highest traditional culture position authority. The palace which was known as *kadaton* used as the sultan life place; with the sultan title was '*Sirajul gulub*' or heart light. The title was the truth that the authority obtained by the sultan to manage the government coming from the holy resource (God). This magic-religious legitimacy brought the opinion that the *kadaton* was not only as the sultan and his family life place but also considered as of the proof the existence of Ternate sultanate and strengthened the authority (Hasyim, 2018).



Figure 2. Ternate Sultanate Kadaton
Source: taldebrooklyn.com (2019)

However, Ternate Sultanate also known had valuable intangible assets in a form of oral literature or tradition. According to Hasyim (2018), Ternate language previously was the oral (unwritten) language only, but the word Arabic-Malay words used to write Ternate language after Islam came. As the traditional center and by the time flies, the Ternate sultanate formalized the ternate language as the communication medium (*lingua franca*) used in trade activity (Hasan, 2000:92). This story had explained by Tobias (1980) when he and the sultan conducted negotiation and agreement that the Sultan would use Ternate language; it would be translated by the translator to the Dutch language.

The oral/ unwritten tradition in Ternate Sultanate was a series of habit and behavior in daily life which bequeathed from one to other generation hereditary. This phenomenon also happened in XIV to the XV century; there was assimilation with the Portuguese and Spanish culture in the Babullah authority era. Islam gave a significant influence to the oral language tradition in Ternate kingdom, but the traditional habit still existed and was used together as one unity without any contradictive. This oral language tradition is divided into some categories, such as cultural art, social, religious, and oral tradition which related to the animism belief and mixing in Islamic cultural (Leirissa, 1999).

The philosophy of *jou se ngofangare* (leader and society) in *suba jou*

The authority and legitimacy of the existence of Ternate sultanate were not only about the myth regarding the emergence of the Sultanate, but also about putting the authority position to the cultural hegemony and religion theology. It can be linked to the role of the sultanate as the main source of producing the science, belief system, social stratification, status symbol, and lifestyle (Hasan, 2000). From the discourses, there was one cultural value which had important political weight or dimension, namely *Jou se Ngofangare* (I and you) philosophy; you are my God and I am your servant. This philosophy was applied as the Ternate Sultanate ideology. The philosophy *Jou se Ngofangare* was the religious basic which existed in Ternate society before the Islamic came (Hasyim, 2018). Ontological, *Jou Se Ngofangare* was “*al awwal*” or the origin of all the things in this world (Sjah, 2006). This phenomenon had religious and philosophy meaning “*gudu moju si to nonako ri jou si to suba*” (I am a servant who knows you as my god and I will do the worship to you (*Jou*))

This thought was not only limited to the God and servant relation but also implemented in the Ternate sultanate government concept. The *Jou* means sultan and *Ngofangare* is the people/ society (Dinsie, 2010). The philosophy of *Jou se*

Ngofangare was not only limited in the religion dimension, but also implemented in the government concept. The meaning of this concept is that a country or kingdom should have a leader and society. The society viewed the sultan as the individual who had superior ability which the ordinary people did not have and it is coming from the God. Lutfillah (2014) states that the relationship in the form of an agreement between the Sultan and his people is a sacred agreement that has the aim of creating an atmosphere of security and peace. In this concept, the sultan was viewed as the *Khalifatullah fiil ard* or the God messenger. Thus, the *Jou se Ngofangare* philosophy became the legitimacy source (Suryo, 2001:102-107).

According to the *Moloku Kie Raha* historian, *Jou* (sultan) and *Ngofangare* (society) was not only adopted in political and religion side, but also used as symbolic of society daily practice. Some sultan's superiors ability were in form of leadership, science, religion, physical and mental that made to the society considered the sultan as the leader who had power (Hasyim, 2018).

5. Conclusions

This study was conducted to explore the accounting practice in the Ternate Sultanate of Sultan Babullah era (1570-1583). This study found that the development of accounting in written form during the Sultan Babullah era was associated with the use of money as the exchange medium and transaction; the mechanism used for administration and accountability in taxation and asset accountability. In this era, accounting was understood in many types of transaction including the traditional market economy to the simple record of bookkeeping model. In addition, this study also found that Sultan Babullah adopted religious values in the social transaction and the social economy within the Sultanate. Moreover, this spiritual belief was an important concept implemented to reach the balance between material and spiritual life. It is also believed that

the accounting practices of the Sultan Babullah era also applied the balance practice between life and hereafter. The policies carried out by Babullah were fair and objective. Thus, his people saw him as a humble sultan.

The Sultan with his title *Alam ma Kolano* (King of the world), viewed his authority as single, united, and absolute. It means that competition, divided, and partitioned of or for the authority are forbidden. Therefore, the Ternate sovereign sultanate believed the *Alam ma Kolano* title gave them big responsibility doing the mission to strengthen the sultanate. They also believed that the success of sultan's authority was determined by his fully commitment in the fulfillment of the sultanate's mission (Hasyim, 2018).

Accounting practices in the Ternate Sultanate of Sultan Babullah golden era especially in the development side could be explored in the whole parts. This study aims to analyze some accounting mechanisms by focusing on the market, taxation, and asset taken by the kingdom. The accounting practice mechanism in this study was explored from the interpretation of inscriptions which may not reflect the whole reality of accounting practice in Sultan Babullah government era.

This study is not free from limitations. The primary data is inscriptions where the Ternate people considered it as sacred things. Hence, the researcher faced difficulties exploring the inscriptions deeply and it led to the difficulty describing and understanding the content of inscriptions clearly.

For future researchers, it is imperative to compare the development of accounting in other kingdoms from eastern Indonesia to find similarities and differences. Thus it can develop new perspectives on the role of accounting in organizations and society. In addition, further researcher is expected to use different periods and discussion topics, so that the integrity and clarity of accounting construction in Indonesia's early history can be revealed.

This study has a general implication for the research and accounting practice in Indonesia. The findings confirm the need for reconsidering accounting only as a merely calculative practice. Rather, accounting influenced to the social economy mechanism in society and people.

For science development, the ultimate pleasure of being a Sultan was not about the high position and authority which no direct impact on the people. Substantially, the point of view of Sultan Babullah who serves the god was the highest level of sincere of the position and authority manifestation which spread the kindness to others. Further, the accounting system was not only focused on the tax or asset recording and its disclosure level. Above all, the responsibility was a crucial part of the accounting mechanism and government system. The mechanism and policy taken must align with the society interests and accountable. Thus, a better internal management will be emerged.

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