

XBRL - A TOOL FOR EFFICIENT DISCLOSURE OF INTEGRATED CORPORATE INFORMATION

ABSTRACT

The main duty of every corporate house is to disclose its business affairs to various stakeholders. Stakeholders are the group of people having direct or indirect interest on the business performance and its positional aspects. To disclose information related to the firm performance and its position it must rely upon a particular mode. In the earlier days the business information were circulated through clay, paper and other unstructured formats such as word, PDF, html etc., these reports are only readable by human but not by machine. This leads to increase in dependency on manual process which results in high costs and inefficiency of reports. So there is a necessity to have a structured format of financial reports which are readable by both human and machines. This can be done only through digital form of reporting system. One of the available tools to report the corporate information which is readable by both machine and human is XBRL. The present study analyzed the benefits of XBRL to various stakeholders and also examined the efficiency in disclosing the integrated corporate information. For this purpose data was collected through primary and secondary sources and collected data was analyzed with the help of descriptive and t-t test and found that the XBRL financial reporting is most efficient than traditional reporting and gives wider benefits to all classes of stakeholders.

Keywords: XBRL, Integrated reporting, Stake holders, efficiency of financial reports.

BACKGROUND

The main duty of every corporate house is to disclose its business affairs to various stakeholders. Stakeholders are the group of people having direct or indirect interest on the business performance and its positional aspects. To disclose information related to the firm performance and its position it must rely upon a particular mode. In the earlier days the business information were circulated through clay, paper and other unstructured formats such as word, PDF, html etc., these reports are only readable by human but not by machine. This leads to increase in dependency on manual process which results in high costs and inefficiency of reports. So there is a necessity to have a structured format of financial reports which are readable by both human and machines. This can be done only through digital form of reporting system. One of the available tools to report the corporate information which is readable by both machine and human is X BRL.

XBRL is one such tool which allows preparers and users of financial and non-financial information of the corporate house to get an idea about performance and position of the firm and also enables them to take perfect decisions on their different scenarios in the efficient manner. XBRL format of reports are both machine and human readable and minimizes the various mechanical tasks and the cost of preparation and consuming information and also improves the quality of financial information at the same time and it is efficient than traditional format of reports. "Digital financial reporting through XBRL is free from logical, mechanical and mathematical mistakes because digital formats are totally based on machine-readable business rules (i.e., taxonomy) which easily compares the legal provisions with reported information and make sure the preparers of the report complied with those rules and ensures the efficiency of reports with near zero defects i.e., sigma level 99.99966% efficiency is achievable at a lower cost and higher quality than traditional format of reports" (Charles Hoffman and Raynier van Eqmond 2017). The modern digital reporting eliminates routine, boring, repetitive tasks and performs the reporting process consistently without variation because this reporting system based on internet with the help of computer is available at all the areas at all the period of time this helps to get easy and fast responses and replaces the scarce experts. So the present paper analyses the efficiency of disclosure of integrated corporate information through digital format i.e., XBRL based reports. The study aims to indicate the XBRL financial tool for efficient disclosure of integrated corporate information for all categories of stakeholders and it is more efficient in disclosing the integrated corporate information with high efficient manner.

The remaining part of the paper is organized as literature review, methodology, data analysis and interpretation, discussions and limitations.

REVIEW OF EXISTING LITERATURE

There is a positive relationship between stock return and changes in perceived quality perceptions on the information disclosed by the corporate and suggested that the managers should convey information to the stock market, such as brand's quality image which is useful in depicting the long-term prospects of the business (David et al., 1994). Extensible business reporting language is the ultimate solution for the pitfalls of traditional format of financial reporting such as PDF, HTML etc., and difficulty of further processing and analysis of traditional financial reports. Further XBRL is a modern language of financial reporting in complying with accounting standards, comparing cross-country financial reports, auditing and assurance issues, financial information value chain. There is a need for further investigation on above matters concerned (Bill Doolin et al., 2004). XBRL technology is particularly relevant to chartered accountants and greater accounting and auditing community because it is more accurate and reliable on reporting matters and found that there was lower level of awareness of XBRL before the survey among the chartered accountants of South Africa and also there was lower level of understanding of XBRL basics. They also revealed that the CAs are needed XBRL in users friendly format so, there

is a necessary of research on redesigning of software. And taxonomies are to be developed as per the reporting requirement for all the reporting scenarios (GF Nel et al., 2008). XBRL adoption reduces the information asymmetry in Korean capital market with the fundamental change of technological environment affecting information asymmetry. XBRL adoption reduces the information asymmetry in the Korean Stock market. There is a need of future research on examining the additional benefits of XBRL adoption for various stakeholders (Yoon et al., 2011). The financial reporting system before the adoption of PIFRS has many input errors and time consumption in adding in the process of manual collection of Excel-based data and combining. So we proposed a model to shift from PIFRS (public institution –financial reporting system into a XBRL based online in relevant to the K-IFRS). And there is a need for future research on establishing more systematic accounts system (Joon-Soo et al., 2014). There is a greater market friction for mandatory XBRL adopters than non adopters. There is also greater abnormal bid- ask spreads, increased abnormal price impact of trade, and lower abnormal trading volume for adopting firms than for non adopting firms after XBRL implementation. Reduction in abnormal trading volume is very large for small traders and there is a scope for future research on the investigation of long term consequences of XBRL adoption along with the impact of non standard tagging and advancements in XBRL viewers on investor's data aggregation efficiencies (Zhen yang et al., 2014). XBRL adoption helped to reduce information asymmetry in Taiwan's stock market and enhanced information comparability by reducing the time and cost of processing data. And also XBRL enhances the search mechanisms, transparency and quality of information in the capital market (Tzu –Yi et al., 2016).

From the review of existing research it is found that the most of the research is focused on the benefits of XBRL reporting and on information asymmetry in the capital market. Only few studies on the disclosure aspects of XBRL reporting so this study intended examine the disclosure efficiency through XBRL financial reporting system in India.

RESEARCH QUESTIONS

1. Is XBRL reporting is efficient in disclosing the integrated corporate information than traditional format of financial reporting?
2. How XBRL benefits various stakeholders?

RESEARCH OBJECTIVES

1. To examine the efficiency of XBRL in disclosing the integrated corporate information.
2. To analyse the benefits of XBRL reporting for various stakeholders.

HYPOTHESIS

H_0 – XBRL reporting is efficient in disclosing the integrated corporate information.

H_1 - XBRL reporting is not efficient in disclosing the integrated corporate information.

METHODOLOGY

The study is based on both primary and secondary sources of information collected through questionnaire and by the observation of XBRL and Non-XBRL format of financial reports, research articles, news papers, journals, books, reports and other published sources. For the purpose of analysis of collected data descriptive statistics and one-sample t-test is used.

The respondents were collected based on convenience sampling method. And total 50 questionnaires of both online and offline were distributed but responses from 37 respondents were received. Classification of respondents is indicated below.

Table-01 Classification of respondents

Respondents	Number of respondents	Response percentage
Chartered accountants and auditors	13	35.13%
Academicians	09	24.32%
Financial analysts	06	16.25%
Others	09	24.32%
Total	37	100%

Benefits of XBRL for various stakeholders

Benefits of XBRL is analysed in the following table.

Table-02 Benefits of XBRL for various categories of stakeholders

Category of Stakeholders	Benefits can be obtained
1. Reporters (Corporate entities)	➤ With the help of XBRL Reporting data can be handled in a systematic and ordered manner. This enables to analyse and process huge amount of data. ➤ XBRL helps to upgrade the data related to the various divisions of the same company and which enables automated collection of data in easier way this saves cost and time for the reporters. ➤ Once data is collected and assembled in XBRL, different types of reports can be generated with minimal manual effort. For instance a company finance department can easily generate internal

	management reports, financial statements for publication, tax and other regulatory filings, and other reports required by creditors. ➤ XBRL Reporting avoids the clerical errors and enables the company to validate the reports with the regulatory provisions and avoids the necessity of cross verification by manual. ➤ XBRL Reporting also avoids the rekeying financial reports every time and which helps the firm for data migration with more accuracy of information. ➤ XBRL always helps the corporate entities in shifting from one reporting format to another due to the change in regulations. ➤ It is also beneficial in case of exchanging the information between the business and among the business at the time of acquisition and merger and also in consolidating the subsidiaries accounts (Cotton, B. 2007).
2. Auditors and accountants	➤ XBRL provides the platform for automated auditing which helps the auditors in assure the accuracy with less time and minimal cost. ➤ This reporting will give new accounting and auditing approach which is totally different and efficient than traditional reporting system.
3. Regulatory authorities	➤ XBRL reporting helps the regulatory authorities in easy and automated verification of the compliance level of companies in reporting with the help of standardized taxonomy (Meall, 2007, p.

	73). ➤ It is also favour in maintaining the transparency in reporting environment of the country. ➤ XBRL also enables the regulatory authorities to collect required filing through online with less bureaucracy and minimizes the administrative and maintenance costs. ➤ Further it also benefits the regulators in reducing the diversity and brings in uniformity in reporting system across the country and even across the globe. ➤ It also enables to gather data at high speed with internet and high accuracy to take timely decisions on the economic status of the country. ➤ XBRL also help in establishing a common international standard for reporting in the economic environment of the country.
4. Academicians	➤ It gives an opportunity to learn and carry their work on advancing the XBRL applications in business and industry.
5. Investors and Financial analysts	➤ It is very difficult for investors and financial analysts to convert paper based reports into the format they needed for easy analysis. But XBRL does this conversion easily without rekeying the reports and which minimizes the cost, saves the time and enables them interoperability of reports. (Fahy, Feller, Finnegan, & Murphy, 2009, p. 126). ➤ This digital format of report also benefits in easy comparison of information according to their convenience. For instance, part by part, side by side, company to company etc., (Williams & Cannon, 2009, p. 32). ➤ XBRL reports also helps to this community in taking timely and accurate decisions in respect of various matters.

Source: Secondary Data

DATA ANALYSIS AND INTERPRETATION

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Table – 03 Results of descriptive statistics

Variables on the efficiency of XBRL reporting	N	Mean	Std. Deviation	Std. Error Mean
1. Do you agree that there is need for XBRL reporting for Indian companies?	37	1.54	1.043	.172
2. XBRL reporting enables companies to implement integrated reporting system in India	37	1.95	.911	.150
3. XBRL reporting enables the companies to fulfil the disclosure requirement various regulatory authorities of India	37	1.68	.747	.123
4. XBRL reporting enables company to disclose corporate governance related information by companies	37	1.92	.983	.162
5. XBRL reporting enables companies to disclose employees information adequately in annual reports	37	2.00	1.080	.178
6. XBRL reporting enables companies to disclose environmental initiative related information adequately in annual reports	37	2.27	.990	.163
7. XBRL reporting enables companies to disclose all other non-financial information in annual reports.	37	2.03	.986	.162
8. XBRL reporting will helps to explain each and every financial aspect in notes to the accounts of the company's annual reports.	37	1.78	.750	.123
9. XBRL reporting enables better, relevance, reliability and transparency of financial information of companies.	37	1.57	.867	.143
10. XBRL Reporting enables better comparison of inter-company financial statements.	37	1.65	.753	.124
11. XBRL Reporting will enable for easy analysis of financial statements for various decision making purpose.	37	1.62	.639	.105
12. Accuracy and reliability with "true and fair view" of Financial Statement will be enhanced	37	2.00	1.027	.169

134 Source: SPSS output

135 The table 03 depicts the results of the survey made through questionnaire in relation to the
136 efficiency of XBRL in reporting and disclosing integrated corporate information and
137 indicates the mean value of the efficiency variables of XBRL is higher and hence we can
138 conclude that the XBRL format of financial reports are more efficient in disclosing both
139 financial and non-financial information in an efficient manner.

Table- 04 Results of One-Sample Test

Variables on the efficiency of XBRL reporting	Test Value = 3					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
1. Do you agree that there is need for XBRL reporting for Indian companies?	-8.509	36	.000	-1.459	-1.81	-1.11
2. XBRL reporting enables companies to implement integrated reporting system in India	-7.036	36	.000	-1.054	-1.36	-.75
3. XBRL reporting enables the companies to fulfil the disclosure requirement various regulatory authorities of India	-10.779	36	.000	-1.324	-1.57	-1.08
4. XBRL reporting enables company to disclose corporate governance related information by companies	-6.693	36	.000	-1.081	-1.41	-.75
5. XBRL reporting enables companies to disclose employees information adequately in annual reports	-5.632	36	.000	-1.000	-1.36	-.64
6. XBRL reporting enables companies to disclose environmental initiative related information adequately in annual reports	-4.483	36	.000	-.730	-1.06	-.40
7. XBRL reporting enables companies to disclose all other non-financial information in annual reports.	-6.005	36	.000	-.973	-1.30	-.64
8. XBRL reporting will helps to explain each and every financial aspect in notes to the accounts of the company's annual reports.	-9.859	36	.000	-1.216	-1.47	-.97
9. XBRL reporting enables better, relevance, reliability and transparency of financial information of companies.	-10.046	36	.000	-1.432	-1.72	-1.14

10. XBRL Reporting enables better comparison of inter-company financial statements.	- 10.91 1	36	.000	-1.351	-1.60	-1.10
11. XBRL Reporting will enable for easy analysis of financial statements for various decision making purpose.	- 13.12 0	36	.000	-1.378	-1.59	-1.17
12. Accuracy and reliability with “true and fair view” of Financial Statement will be enhanced	- 5.921	36	.000	-1.000	-1.34	-.66

Table-04 depicts the results of one-sample t-test in relation to the variables of efficiency of XBRL in disclosing the integrated corporate information and shows all the variables are having significant values less than 0.05 so it can be concluded that XBRL provides efficiency in disclosing integrated corporate information hence null hypothesis i.e., H_0 accepted and alternative hypothesis H_1 rejected.

FINDINGS

The main objective of the study is to examine the efficiency of XBRL in disclosing the integrated corporate information and to analyze its benefits to various categories of stakeholders. The findings of this respect are as follows:

- As per the primary survey it is found that XBRL is most important to the corporate entities because of its fruitful benefits to various categories of stakeholders.
- XBRL is one and only the tool for implementing integrated reporting in India because its taxonomy allows including both financial and non-financial information in single annual report.
- It is also found that through XBRL, compliance with all regulatory guidelines is very easy and efficient because it validate the reported information with guidelines automatically and saves time and cost.
- It is found that XBRL provides a platform to include comprehensive information in relation to employees, governance, environmental and other non-financial information but only the issue is how taxonomy is designed by regulatory authorities.
- It is specifically founds that the XBRL gives the sufficient disclosures in notes to accounts as per the GAAPs. And also it explains each and every item of financial and non-financial elements when the cursor is kept on the respective elements.
- Overall it is found that XBRL is efficient than traditional reporting because it provides reliable, error less, and accurate data with minimum time and cost.

CONCLUSION

Finally study concludes that the XBRL financial reports are more beneficial for all categories of stakeholders. And it is more efficient in disclosing the integrated corporate information with high efficient manner. That it is favour in reducing the reporting cost, time and eliminating the clerical errors and avoids the rekeying of data for one year to another year. By using XBRL for financial reporting firm can enjoy the benefits of catering the needs of various stakeholders and enable them to take timely and accurate decisions on their interested aspects. And this standardised financial reporting language helps the regulatory authorities in maintaining the uniformity in reporting environment in the country and across the border. Along with this it helps minimizing the bureaucracy and automatically cross verifies the reported information with pre-established standards. The present data was analyzed with the help of descriptive and t-t test and found that the XBRL financial reporting is most efficient than traditional reporting and gives wider benefits to all classes of stakeholders. Overall study concludes that XBRL is efficient in disclosing the integrated corporate information and provides plenty of fruitful benefits to various stakeholders.

LIMITATIONS OF THE STUDY

The study also faced some limitations that the study concentrated on getting the perception of stakeholders and not concentrated on technical aspects such as taxonomy analysis and report analysis in different dimensions. And each and every method adopted for the study has their own limitations and the outcome of the study can impacted from those limitations. The limitation of this study can become an opportunity to address by the future research.

Ethical approval and consent are not applicable.

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