Chapter XVI
Towards Theory Development for Emergent E–Business Innovations:
Using Convergent Interviewing to Explore the Adoption of XBRL in Australia

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ABSTRACT

The eXtensible Business Reporting Language (XBRL) is an emerging XML-based standard which has the potential to significantly improve the efficiency and effectiveness of intra- and inter-organisational information supply chains in e-business. In this chapter, we present the case for using convergent interviews as an appropriate and efficient method for modelling factors impacting the adoption of emerging and under-researched innovations, such as XBRL. Using this method, we identify environmental, organisational, and innovation-related factors as they apply to XBRL adoption and diffusion. Contentious factors, such as the role of government organisations, XBRL education and training, and the readiness of XBRL as an innovation, and its supporting software solutions are also examined in detail. Taken together, these discussions constitute an important step towards theory development for emergent e-business innovations. Practical adoptions strategies and their implications are also discussed.
INTRODUCTION

The aim of financial reporting is to communicate useful, relevant, and reliable information timely to both internal and external stakeholders of an organization. However, current reporting practices require the exchange of financial information in a variety of non-interchangeable formats including traditional print, portable document format (PDF), spreadsheets or Web pages formatted using HTML (Doolin & Troshani, 2004). Because further processing and analysis of financial information has to be carried out manually, current reporting practices are time-consuming, labor-intensive, and error-prone (Bovee et al., 2005; DiPiazza & Eccles, 2002). Further, in their current form financial reports are opaque, in that, they provide limited help to external stakeholders to verify whether management has presented a relevant and reliable view of the organization’s performance and position (Bergeron, 2003; Hodge, Kennedy, & Maines, 2004; Roohani, 2003).

Based on XML, eXtensible Business Reporting Language (XBRL) is an open standard innovation which can be used to improve the process of the production, consumption and exchange of financial information among disparate computer platforms, software applications, and accounting standards (Locke & Lowe, 2007; Willis, 2005; Hannon, 2003; Hannon & Gold, 2005; Hasegawa et al., 2003; Jones & Willis, 2003; Weber, 2003; Willis, Tesniere, & Jones, 2003). Particularly, XBRL enhances the efficiency and the effectiveness of the current practices used for generating and exchanging financial reports (Kull et al., 2007; DiPiazza & Eccles, 2002). Thus, XBRL facilitates intra- and inter-organizational information supply chains via digital networks, and in the process, it enhances e-business collaboration and integration. Some argue that the efficiency of the entire information supply chain will be considerably enhanced when XBRL is adopted (Garbellotto, 2006a, 2006b, 2006c; Garbellotto, 2007a; Boyd, 2004a, 2004b), and it is expected to lead to “wondrous new financial reporting capabilities” (Abdolmohammadi et al. 2002, p. 25). Further, XBRL facilitates continuous auditing, thereby maximizing the transparency with which financial information is reported while also facilitating the enforcement of corporate disclosure and accountability legislation (Bovee et al., 2005; Pinsker, 2003; Rezaee, Elam, & Sharbatoghilie, 2001; Roohani, 2003).

As a derivative of XML, XBRL takes advantage of the ‘tag’ notion which associates contextual information with data points in financial statements. For example, with XBRL, the relationship between a value and the appropriate tag is established as follows: 
\[
<\text{payroll currency}="\text{US Dollars}" >15000<\text{/payroll}.
\]
Similar relationships are established between other tags and their respective values for specific financial statements such as annual reports, cash flow statements, and tax returns. When formatted with XBRL tags, financial statements are called XBRL instance documents and can be easily processed by XBRL-enabled software tools. The tags themselves are based on accounting standards and regulatory reporting regimes and are defined in XBRL taxonomies (Pinsker, 2003; Richards & Tibbits, 2002; Bovee et al., 2005). These are developed for specific countries, accounting jurisdictions, and even specific organizations (Deshmukh, 2004; Wallace, 2001). Sometimes, multiple instance documents produced using different taxonomies need to be processed by the same software tool. Capabilities of this nature are enabled by the XBRL specification, which constitutes the technology platform determining how XBRL works. The specification is central to the operation of XBRL (Willis, Tesniere, & Jones, 2003).

XBRL can benefit a wide range of heterogeneous stakeholders. These include individual organizations, accounting firms, investors and stock analysts, stock exchanges and regulatory authorities (Bergeron, 2003; Deshmukh, 2004; Jones & Willis, 2003; Phenix, 2004). Further, as XBRL is an open standard innovation it requires an