Chapter 72

XBRL: A New Global Paradigm for Business Financial Reporting

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ABSTRACT

Ranked as one of top ten technologies for accounting and auditing professionals, eXtensible Business Reporting Language (XBRL) is a freely available, open, and global standard language for exchanging business financial information digitally. XBRL holds the greatest promise for building a global standard that is pledged to enhance the accuracy, reliability, efficiency, accessibility and availability of electronic communication of business financial data. This paper sets out to provide a review of literature to lend insights into our understanding of XBRL adoption, implementation, and value realization assessment. A comprehensive review uncovers four sub-themes of research in XBRL adoption: perceived benefits of XBRL adoption; organizational readiness; external pressure; and XBRL adoption. Research challenges for future research are highlighted.

INTRODUCTION

The persistent rise of high profile corporate accounting scandals in recent years highlights the urgency for more effective corporate financial reporting that is informative, credible, and readily accessible to regulators, investors, and other stakeholders (Lester, 2007). As an evolving information technology for web-based financial reporting (Doolin & Troshani, 2007), eXtensible Business Reporting Language (XBRL) holds the greatest promise for building a global standard that is pledged to enhance the accuracy, reliability, efficiency, accessibility and availability of electronic communication of business financial data (Baldwin et al., 2006; Lester, 2007; Stantial, 2007; Vasarhelyi et al., 2012; Willis, 2005; Yoon et al., 2011). Initiated in 1998 by the AICPA, and now administered by a global consortium, XBRL streamlines the preparation of financial statements both internally and externally (Taylor & Dzuranin, 2010). XBRL is considered an important enabler of corporate transparency (Apostolou & Nanopoulos, 2009; Bonsón et al., 2010; Debreceny et al.,

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XBRL facilitates the automated production and consumption of large volumes of business performance information by combining the immediacy and reach of the Web with the ability of information consumers to incorporate corporate information directly into their data warehouses and decision models (Debreceny et al. 2010). Because of such expected benefits (Bovee et al., 2005), XBRL is quickly becoming the reporting standard for financial information worldwide (Taylor & Dzuranin, 2010). Many countries such as Australia, Chile, China, Denmark, Germany, India, Israel, Italy, Japan, Luxemburg, Singapore, Spain, South Korea, the United Kingdom, and the United States have started mandating XBRL adoption (O’Kelly 2010; Srivastava & Kogan 2010; Yoon et al. 2011). Regulators in many jurisdictions such as Canadian Securities Administrators are still assessing the costs and benefits from XBRL adoption.

Given the rising interest in XBRL assessment and implementation among academics, financial statement preparers and regulators (Janvrin & Mascha, 2010), this article reviews extent research into XBRL technology to reveal key theories, key findings and key challenges. This paper is organized as follows. The next section presents a brief overview of our research methodology in conducting this review. It’s followed by a review of literature that includes XBRL as a central variable in the study. The paper concludes with a summary of findings and highlights unresolved challenges for future research.

RESEARCH METHODOLOGY

A search of the key word “XBRL” is conducted with ABI/Inform, Business Source Premier, and Science Direct (Elsevier) databases. The bibliographies of key articles are further checked to ensure that other articles are not overlooked. Finally, every issue of leading journals in information systems and accounting information systems is searched.