

Exploring Insights into the Use of XBRL In Indian Corporate Reporting

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Abstract

Known as the barcode of corporate reporting XBRL is an internet based computer language meant for electronic communication of financial data. XBRL was developed by XBRL International which was established in the year 1998 as a not-for-profit consortium of over 600 companies and organisations. XBRL is a set of standards known as taxonomies developed with the help of Extensible Markup Language (EML). The basic objective of these efforts is to provide a standard language for digitizing business reports the world over. XBRL International has produced various specifications and taxonomies to bring uniformity in corporate reporting practices over the globe. The scope of XBRL is not restricted to corporate sector but can be used in other reporting regimes like insurance, banking, hospitals civil authorities etc. For the purpose of promotion and implementation of the use of XBRL in India, a company named XBRL India was established Under Section 8 of the Companies Act, 2013. XBRL India is managing the affairs of Indian jurisdiction of XBRL International while acting as nodal agency for the development, promotion and use of XBRL in India. Serious efforts have been made by the regulatory bodies of some countries like USA, Japan, Spain etc. in this direction. In India the ICAI and the Ministry of Corporate Affairs are working hard to implement XBRL. The present study is meant for exploring insights into the various aspects involved in the use of XBRL in Indian corporate reporting. The study attempts to achieve the objectives of need, factors and opportunities in XBRL enabled corporate reporting practices in India. The results of the study found that streamlining corporate disclosure and better decision making are the most important needs; cost and presentation are the most important factors whereas comprehensiveness and globalisation are the most important opportunities in adoption of XBRL based corporate disclosure in India.

(Keywords: XBRL; Corporate Disclosure; e-reporting)

During the mid-1990s the government of India took initiatives with regards to the governance models with citizen-centric services. Thereafter, many states and union territories also started their e-governance projects. In 2006, The Government of India launched National e-Governance Plan (NeGP) with 31 Mission Mode Projects covering different services. This was a major structural change but it could not live up to the expectations of the founders. Therefore, it was the strong feeling that much more needs to be done so as to improve the quality of e-government services in the country. There were plenty of sectors which were still there out of the ambit of e-governance models. Keeping in mind all these factors, the Government of India

launched the Digital India programme. The programme aims at transforming India into a knowledge society and digitally empowered economy. Digital India is basically an umbrella programme which covers various departments and ministries. Some of the main pillars of the program are universal access to mobile connectivity, broadband highways, public internet access programme, e-governance including reforms in governance technology like e-kranti etc. The launch of the Goods and Services Tax (GST) by the government of India with a view to eliminate various anomalies in the present taxation system is a big step. With this there shall be single and uniform taxation in the country. So, the Government of India is committed to transform India into a digitally rich country and uniform practices throughout the country. The present study is also an attempt in this direction. The digitisation of corporate financial disclosure in India would empower the Indian economy in a big way. There will be standardisation and uniform corporate financial disclosure practices in the country.

Digitalization of various activities is the need of hour especially in the corporate sector. There is an active role to be played by the technologies in different spheres of life like e-governance, e-shopping, e-banking, e-commerce, e-policing, e-trading, e-courts, e-district, CSC (common service center) etc. In this era of corporate electronic reporting, language used for electronic corporate reports may act as a barrier. There exists too many languages and data formats which may be adopted by a company. Such practices would lead to wastage of time, extra labour to compile data and information, confusions and non-standardization of these activities. Therefore, there is an urgent need to develop a language which can universally be accepted, objective in its use and lead to better presentation of reports. Extensible Business Reporting Language (XBRL) is the answer to this problem.

- **Extensible Business Reporting Language (XBRL)**

Known as the barcode of corporate reporting XBRL is an Internet based computer language meant for electronic communication of financial data. XBRL is developed by XBRL International which was established in the year 1998 as a not-for-profit consortium of over 600 companies and organisations. XBRL is a set of standards known as taxonomies with the help of Extensible Markup Language (EML). The basic objective of these efforts is to provide a standard language for digitizing business reports the world over while considering the rules and regulations of accounting in different countries. XBRL International has produced various specifications and taxonomies to bring uniformity in corporate reporting practices over the globe. The scope of XBRL is not restricted to corporate sector but can be used in other reporting regimes like insurance, banking, hospitals civil authorities etc. For the purpose of promotion and implementation of the use of XBRL in India, a company named XBRL India was established Under Section 8 of the Companies Act, 2013. XBRL India is managing the affairs of Indian jurisdiction of XBRL International and also acts as nodal agency for the development, promotion and use of XBRL in India. XBRL will standardize the methods to prepare and

use of corporate documents over the globe. Serious efforts have been made by the regulatory bodies of some countries like USA, Japan, Spain etc. in this direction. In India the ICAI and the Ministry of Corporate Affairs are working hard to implement XBRL.

▪ **Research Design and Methodology**

Objective

To explore need for XBRL based corporate reporting in India, to identify factors affecting its use and opportunities for the use of XBRL in other areas.

Nature of Data

The study is based upon the opinion of selected respondents therefore only primary data is used. The opinions of selected respondents based upon the 27 items included in the questionnaire divided into 3 parts i.e. need, factors and opportunities were obtained on a seven (7) point scale ranging from strongly agree, agree, moderately agree, neither agreed not disagree, moderately disagree, disagree to strongly disagree.

Sample Size

The sample of the study covers 150 respondents. These respondents include 50 academicians, 50 share brokers/consultants/chartered accountants and 50 company executives. The respondents were selected from different parts of the country for better representation.

Statistical Techniques Used

Appropriate statistical techniques were selected and applied keeping in mind the requirements of the study. Two statistical techniques namely weighted average score and factor analysis were found appropriate and were applied.

Weighted Average Score (WAS)

For the purpose of analysing opinions of the respondents of questionnaire, Weighted Average Score (WAS) was calculated for each item. Weighted Average Score (WAS) is a technique which describes the most important factors on the basis of weighted average scores for different items. It is a useful technique of finding out the most significant factors. For the purpose of better analysis the responses with regards to Weighted Average Score (WAS) need to be categorized in different categories. The category having the highest scores is considered to be the most important category and category having the lowest scores, the least important category.

Factor Analysis

Factor analysis is a technique which is applied to extract the significant factors affecting a particular situation/behaviour. So as to find out the important factors affecting adoption of XBRL based corporate disclosure in India, the exploratory factor analysis was applied. Before applying factor analysis, it becomes important to see whether all the assumptions of factor analysis are met or not. In order to extract the significant factors, the first attempt is to reduce the variables to significant constructs having common core to give them a meaningful interpretation. The factor analysis is a data reduction technique that reduces the number of variables to different constructs.

▪ Analysis

Weighted Average Score Analysis

For the purpose of analysis of opinions of the respondents, Weighted Average Score (WAS) was calculated for each item. The responses have been categorized into four categories for better analysis namely:

- a) Highest preferred (having 6 or more than 6 WAS)
- b) Moderate preferred (having more than 5 but less than 6 WAS)
- c) Average preferred (having more than 4 but less than 5 WAS)
- d) Least preferred (having less than 4 WAS)

Table 1: Weighted Average Score for Need, Factors and Opportunities for XBRL Based Corporate Disclosure in India

Sr.	Factor	SA (7)	A (6)	MA (5)	NAND (4)	MD (3)	D (2)	SD (1)	WAS
	Highly Preferred								
1	Technology	91	47	12	0	0	0	0	6.53
2	Streamline Corporate Disclosure	105	14	31	0	0	0	0	6.49
3	Regulators	87	48	14	1	0	0	0	6.47
4	Comprehensiveness	97	35	11	4	3	0	0	6.46
5	Civil Authorities	84	45	21	0	0	0	0	6.42
6	Regulatory Requirements	92	31	23	4	0	0	0	6.41
7	Globalization	85	41	24	0	0	0	0	6.41
8	Government	81	43	21	0	5	0	0	6.3

9	Timeliness in Corporate Disclosure	65	62	10	13	0	0	0	6.19
10	Better Decision Making	55	67	20	0	8	0	0	6.07
11	Taxation	42	55	46	2	8	7	0	6
	Moderately Preferred								
12	Research	65	45	24	2	14	0	0	5.97
13	Stock Exchanges	54	45	42	4	5	0	0	5.93
14	Global factors	45	40	51	3	7	4	0	5.67
15	Company	27	75	22	4	22	0	0	5.54
16	Users	55	35	27	0	33	0	0	5.53
17	Preparers	19	76	37	3	14	1	0	5.53
18	Foreign Trade Department	45	34	33	9	24	5	0	5.35
19	Government Departments	45	32	24	34	7	8	0	5.33
20	Banking	37	42	34	7	12	8	10	5.14
	Average Preferred								
21	Cost	8	30	28	65	12	7	0	4.57
	Least Preferred								
22	Academic Institutions	12	7	3	45	37	42	4	3.47
23	Hospitals	3	9	4	64	34	24	12	3.42
24	Presentation	11	8	17	0	32	67	15	3.03
25	Researchers	2	5	14	4	65	45	15	2.87
26	Academicians	3	7	12	5	55	45	23	2.81
27	Society	0	0	4	7	35	49	55	2.04

Table 1 shows the results of weighted average score analysis with regards to questions of the questionnaire regarding need; factors and opportunities for XBRL based corporate disclosure in India. It can be seen from the Table 1 that as per the Weighted Average Scores (WAS) out of 27 items, 11 items were found to be highly preferred items, 9 were moderately preferred items, 1 item was average preferred item and 6 items for least preferred items.

Items like technology, streamline corporate disclosure, regulators, comprehensiveness etc. were highly preferred items by the respondents with high weighted average score of more than 6. Hence, these are the most important needs/factors/opportunities in XBRL based corporate disclosure in India. On the other hand, items like research, stock exchanges, global factors, company factors, users etc. were found to be moderately preferred items with an average score of more than 5. As far as the least preferred items are concerned the items like academic institutions and hospitals in opportunities for XBRL were found to be least preferred. It

reflects that according to the respondents the use of XBRL in academic institutions and hospitals is very negligible.

Table 2: Factor Analysis Results for Need, Factors and Opportunities for XBRL Based Corporate Disclosure in India

Rotated Component Matrix ^a					
Factors Name		Component			Communalities
		1	2	3	
Necessity	Streamline Corporate Disclosure	.885			.502
	Better Decision Making	.773			.737
	Comprehensiveness	.609			.527
	Globalization	.593			.461
	Presentation	.552			.821
	Cost	.487			.772
Determinants	Regulators		.785		.501
	Government		.702		.693
	Company		.671		.772
	Preparers		.614		.471
	Researchers		.594		.391
	Academicians		.523		.557
Emerging Avenues	Banking			.867	.710
	Taxation			.724	.592
	Stock Exchanges			.635	.771
	Government Departments			.529	.520
	Civil Authorities			.482	.448
	Eigen Values	4.321	3.957	1.967	
	Percentage of Cummulative Variance	30.337	51.882	69.374	

Keeping in mind the requirements of factor analysis and number of items under different questions of questionnaire, few questions with their items have been merged. Table 2 shows the combined results of factor analysis applied on responses of the questionnaire with regards to need, factors and opportunities for XBRL based corporate disclosure in India.

Table 2 reflects that the first factor emerges as necessity (for the first part of the questioner related with need for XBRL based corporate disclosure in India) that has been found as the most significant factor with eigen value 4.321 explaining the variance of 30.337 showing the superiority of XBRL enabled corporate reporting over non-XBRL enabled corporate reporting in India. The respondents have given highest weightage to streamline corporate disclosure (0.885) followed by better decision making (0.773) followed by comprehensiveness (0.609) followed by globalization (0.593) followed by presentation (0.552) and cost (0.487).

The second factor emerges as determinants (for the second part of the questioner related with factors affecting XBRL based corporate disclosure in India) that have been found as the second most significant factor with eigen value 3.957 explaining the variance of 51.882 showing the superiority of XBRL enabled corporate reporting over non-XBRL enabled corporate reporting in India. The respondents have given highest weightage to regulators (0.785) followed by government (0.702) followed by company (0.671) followed by preparers (0.614) followed by researchers (0.594) and academicians (0.523).

The third factor emerges as emerging avenues (for the third part of the questioner related with opportunities for XBRL based corporate disclosure in India) that has been found as the third most significant factor with eigen value 1.967 explaining the variance of 69.374 showing the superiority of XBRL enabled corporate reporting over non-XBRL enabled corporate reporting in India. The respondents have given highest weightage to banking (0.867) followed by taxation (0.724) followed by a stock exchanges (0.637) followed by government departments (0.529) and civil authorities (0.482).

The combined results of the weighted average score and factor analysis show that streamlining corporate disclosure and better decision making are the most important need factors in adoption of XBRL based corporate disclosure in India. Cost and presentation are the most important factors whereas comprehensiveness and globalisation are the most important opportunities affecting adoption of XBRL based corporate disclosure in India.

▪ **Conclusion**

On the basis of the results and analysis of the study it is found that there is a need for XBRL enabled corporate reporting practices in India. Majority of the respondents favoured for the use of XBRL because it will streamline corporate disclosure, helpful in better decision making, lead to comprehensiveness disclosure, globalization of business activities, better presentation of data and information and a reduction of cost etc. The study concluded that pronouncements by the regulators and government agencies are the driving factors behind the application of XBRL in Indian corporate reporting practices. On the other hand, company managements and preparers (accountants and auditors) are moderately the fact that these practices. The study also concluded that there are ample of opportunities in the application of XBRL in sector like banking, stock exchanges government departments etc. Broadly, the study concludes that use of XBRL in Indian corporate

reporting is need of the hour but the guiding factors must be taken care of properly and the use of XBRL must be spread to other sectors as well to explore new horizons.

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Questionnaire

Please express how strongly you agree or disagree with each of the following statements on a seven point scale from 1 to 7 which are as follows:

Value	Scale	Meaning
1	SD	Strongly Disagree
2	D	Disagree
3	MD	Moderately Disagree
4	NAND	Neither Agree Nor Disagree
5	MA	Moderately Agree
6	A	Agree
7	SA	Strongly Agree

Sr.	Factor	SA	A	MA	NAND	MD	D	SD
A.	Need For XBRL Based Corporate Disclosure in India							
1	Better Decision Making							
2	Regulatory Requirements							
3	Timeliness in Corporate Disclosure							
4	Comprehensiveness							
5	Presentation							
6	Streamline Corporate Disclosure							
7	Cost							
8	Globalization							
B.	Factors Affecting XBRL Based Corporate Disclosure in India							
9	Users							
10	Company							
11	Preparers							
12	Researchers							
13	Academicians							
14	Regulators							
15	Government							

16	Global factors								
17	Society								
18	Technology								
C.	Opportunities for XBRL Based Corporate Disclosure in India								
19	Banking								
20	Taxation								
21	Stock Exchanges								
22	Civil Authorities								
23	Academic Institutions								
24	Hospitals								
25	Government Departments								
26	Foreign Trade Department								
27	Research								

