

21st Century Business Dynamics: Acting Local and Thinking Global through Extensive Business Reporting Language (XBRL)

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Abstract : In the present dynamic business environment of corporate governance and regulations, financial reporting is an inevitable and extremely significant process for every business enterprise. Several financial elements such as Annual Reports, Quarterly Reports, ad-hoc filing, and other statutory/regulatory reports provide vital information to the investors and regulators, and establish trust and rapport between the internal and external stakeholders of an organization. Investors today are very demanding, and emphasize greatly on authenticity, accuracy, and reliability of financial data. For many companies, the Internet plays a key role in communicating business information, internally to management and externally to stakeholders. Despite high prominence being attached to external reporting, it is disconnected in most companies, who generate their external financial documents manually, resulting in high degree of errors and prolonged cycle times. Chief Executive Officers and Chief Financial Officers are increasingly susceptible to endorsing error-laden reports, late filing of reports, and non-compliance with regulatory acts. There is a lack of common platform to manage the sensitive information - internally and externally - in financial reports. The Internet financial reporting language known as eXtensible Business Reporting Language (XBRL) continues to develop in the face of challenges and has now reached the point where much of its promised benefits are available. This paper looks at the emergence of this revolutionary twenty-first century language of digital reporting. It posits that today, the world is on the brink of an Internet revolution that will redefine the 'business reporting' paradigm. The new Internet technology, eXtensible Business Reporting Language (XBRL), is already being deployed and used across the world. It finds that XBRL is an eXtensible Markup Language (XML) based information format that places self-describing tags around discrete pieces of business information. Once tags are assigned, it is possible to extract only desired information, rather than having to download or print an entire document. XBRL is platform-independent and it will work on any current or recent-year operating system, or any computer and interface with virtually any software. The paper concludes that corporate stakeholders and the government cannot afford to ignore the XBRL. It therefore recommends that all must act locally and think globally now via the adoption of XBRL that is changing the face of worldwide business reporting.

Keywords : XBRL, financial reporting, internet, internal and external reports

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