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XBRL Adoption in Malaysia: Perception of the Accountants and Auditors

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Abstract

This study investigates the perception of accountants and auditors on the impact of XBRL adoption in Malaysia. This study also examines the possible challenges and strategies for XBRL adoption success. Using questionnaire survey, this study show that the accountants and auditors perceived the impact of XBRL adoption would be on business decision-making, regulatory compliance, continuous reporting, financial reports availability and analysis, and continuous auditing. This study also shows that lack of accounting qualification and lack of training are among the challenges for XBRL adoption in Malaysia. The implication of this study is that the accountants and auditors need to be given exposure on XBRL taxonomies and voluntarily filing programs. This study provides understanding to the government, regulators and standard setters on strategizing the initiative programs on voluntarily adopting XBRL in future. This would reduce the negative perception on the challenges that might be faced by the accountants and auditors prior to XBRL adoption.

Keywords: XBRL, Accountants, Auditors, Perception, Impact, Challenges, Strategies, Malaysia

1. INTRODUCTION

XBRL is a tool of communicating and exchanging financial and non-financial information throughout the business reporting value chain. XBRL provides a universal definition for accounting terms that could be understood by various reporting and analytical software. Scholars of XBRL defined XBRL as “a meta-language, based on XML and meant for the electronic communication of business information. Its objective is to improve the disclosure, management and analysis of corporate data, through a unique tagging structure that provides inter-operability” (Bonsón, Cortijo, & Escobar, 2009, p.1). Since its introduction by Charles Hoffman in 1999, many countries have played an active role in XBRL adoption such as in UK, USA and China. However, this scenario is not the same in Malaysia. From the date XBRL was introduced until today, the adoption of XBRL is rather slow (Ilias & Ghani, 2015).

This study aims to examine the perceptions of the accountants and auditors on the impact, challenges and strategies in making XBRL adoption a success. The results in this study would provide further understanding on this study that related to the reasons of late XBRL adoption. This is because the impacts perceived may be different between accountants and auditors as well as the professional bodies may provide solution in how to improve their understanding towards XBRL. The next section, Section 2 presents the literature review. This is followed by the research design used in this study in Section 3. The results and discussion are presented in Section 4. The final section, Section 5 concludes this study.

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2. LITERATURE REVIEW

Prior to the existence of XBRL, business reporting was communicated through various formats such as the HTML (HyperText Markup Language), Portable Document Format (PDF) or paper based. Dune, Helliari, Lymer and Mousa (2009) mentioned that the output from PDF was treated as data and not as pertinent information. In addition, HTML documents only convert paper-based financial reports for online displays. Lymer, Debreceeny, Gray and Rahman (1999) stated that HTML will only provide hyperlink or navigation between pages for financial reporting or also known as “web-based reporting”. Therefore, the eXtensible Markup Language (XML) was developed and utilised in order to overcome the disadvantages of the existing formats and tools for business reporting.

Studies have suggested that the development of XBRL is in line with the Financial Accounting Standard Board (FASB). For example: Baldwin, Brown, & Trinkle (2006) believed that XBRL facilitates and ensuring the availability of information. Vasarhelyi, Chan, & Krahel (2012) suggested that the relevant information selected by users determines the decision’s relevance that depends on the effectiveness of XBRL taxonomies. Similarly, Bovee, Ettredge, & Srivastava (2002) believed that XBRL facilitates comparability and consistency of financial reporting through websites. Finally, Pinsker & Li (2008) believed that the number of errors could be reduced since XBRL reduce the re-keying of data and accessibility information. However, most of these studies were conducted in developed countries. In Malaysia, there is a study that has examined XBRL (Ilias & Ghani, 2015). This study found that XBRL is yet to be adopted by organisations in Malaysia as none of the Malaysian Public Listed Companies (PLCs) have taken to the XBRL reporting format

From the perspective of users of financial reports, the impact is more on the accessibility, understandability, analysis and efficiency in decision-making (Jones & Willis, 2003). Birt, Muthusamy, & Bir (2017) supported this by showing that XBRL users found that XBRL reports were more relevant, understandable and comparable when forecasting profits and more confidence compared to the PDF format. Previous studies have shown that the XBRL format is useful when making accurate decisions (Ghani, Laswad, & Tooley, 2009), higher perceptions of analytical effectiveness and efficiency (Pinsker & Wheeler, 2009) and the usefulness for search facilitating technology (Ghani, Tooley, & Laswad, 2011), informational efficiency (Efendi, Park, & Smith, 2014), informational comparability (Dhole, Lobo, Mishra, & Pal, 2015), as well as more accessible and useable (Liu, Wang, & Yao, 2014). On the other hand, the information processing costs to obtain benefits from sharing and exchanging information throughout the supply chain have shown that the costs were reduced when using XBRL filing for loan contracting in a Belgium case (Kaya & Pronobis, 2016).

A further review of the literature found that there is a lack of studies that have examined the perception of XBRL adoption among the accountants and auditors (Nel & Steenkamp, 2008; Dunne, Helliari, Lymer, & Mousa, 2009). Examining the perception of XBRL among the accountants and auditors is important since their knowledge and skills on XBRL formatting would (Taylor & Dzurainin, 2010). Based on the impact of XBRL throughout the financial reporting supply chain, it also involves the auditors since the technology will assist the auditing process by supplying information for the effective analysis of identifying anomalies in fraud, compliance and audit assessment (Ball, 2006). Gambetta, García-Benau, & Zorio-Grima (2016) also emphasised the need to adopt XBRL in order to enhance auditors’ success when auditing high risk areas. Thus, this study examines the perception of the accountants and auditors on the impact, challenges and strategies in ensuring XBRL adoption success.

3. RESEARCH DESIGN

3.1 Sample Selection

This study had identified a list of potential respondents, comprising an overall of 200 auditors and accountants who had acquired a background in XBRL. The list of accountants and auditors were obtained from the Malaysian Institute of Accountants (MIA) directory. The respondents were approached from December 2016 to January 2017. The accountants and auditors were selected as samples in this study and the response rate was 59% (118 from 200). They are selected because they are involved and play a role in the financial reporting supply chain. Baldwin et al. (2006) suggested that the accountants and auditors have an immense impact on the financial reporting environment. Therefore, their perceptions are important for this study, especially when concerning current practices of reporting and XBRL. Two hundred auditors and accountants were identified as potential respondents. These respondents have had some exposure on XBRL.

3.2 Research Instruments

The research instrument in this study is questionnaire which is adapted from Baldwin and Trinkle (2011) with some modifications. The questionnaire is divided into three parts consisting of respondents' information, the likely impact pertaining to the four categories as well as the challenges and strategies of XBRL adoption. The questionnaire includes (1) corporate and compliance – 4 items, (2) financial reporting – 6 items, (3) users of financial reports – 9 items, (4) and auditing - 3 items. In addition, Dunne et al.(2009) had investigated the issues pertaining to XBRL adoption such as challenges and preparation for adoption. All items from each category in this research instrument had a scale of 1= Strongly Disagree, 2= Disagree, 3 = Do not know, 4= Agree, 5= Strongly Agree.

3.3 Data Collection

The respondents were approached from December 2016 to January 2017. Finally, the data collection was initiated and data were collected over a three-month period from February 2017 to May 2017 until the study received feedback from 45 accountants and 73 auditors. This study applied the drop-off/pick up method (Steele et al. (2001). The three-month period was delayed due to lack of respondents and thus, was extended for another month.

4. RESULTS AND DISCUSSION

4.1 Perceived Impact of XBRL Adoption on Corporation and Compliance

Table 1 presents the results of the descriptive statistics on the impact of XBRL adoption on corporation and compliance. The results show that both auditors and accountants mostly agreed that XBRL will increase the efficiency of business decision-making with mean score of 4.19 and 4.29 respectively. The accountants perceived that XBRL increases the effectiveness of management decision-making with a mean score of 3.86 whilst the auditors perceived higher with a mean score of 3.97. Since the adoption of XBRL is for the purpose to improve the compliance, both accountants (4.31) and auditors (4.18) were concerned on compliance, which enhances the supervision on regulatory compliance. However, the perception on the misleading financial statements have shown the 4th rank since the mean score for accountants is 3.71 while auditors is 3.73. This is in line with Baldwin and Trinkle, (2011), whereby the panel experts suggested that the most likely impact were similar to that agreed in this study. As compared with Bonsón, (2009), the experts provided their view on the benefits of companies that voluntarily disclose information in XBRL reports and that are not ranked as the main focus for regulatory compliance with SEC.

		N	M	SD	Rank
XBRL increases the efficiency of business decision-making.	ACC	51	4.29	0.672	1
	AD	67	4.19	0.764	
XBRL increases the effectiveness of management decision-making.	ACC	51	3.86	0.872	3
	AD	67	3.97	0.904	
XBRL allows for easier regulatory compliance.	ACC	51	4.31	0.787	2
	AD	67	4.18	0.815	
XBRL makes it more difficult for management to issue misleading financial statements.	ACC	51	3.71	1.137	4
	AD	67	3.73	0.963	

N=numbers, M=mean, SD= Standard Deviation; ACC= Accountant, AD= Auditor

Table 2 presents the results of the Independent Samples Test that test the impact faced by corporations and compliance groups for accountants and auditors. In terms of decision-making, the 1st rank shows that there is no significant difference in increasing the efficiency of business decision-making for accountants (M=4.29, SD= 0.672) and auditors (M=4.19, SD= 0.764); $t(116) = 0.742, p=0.459$ (two-tailed). In reference to the effectiveness of management decision-making, there is no significant difference ($t=-0.649, p=0.518$, two-tailed) on how accountants (M=3.86, SD=0.872) and auditors (M=3.97, SD=0.904) agree about the effectiveness of management decision-making. The 2nd rank shows there is no significant difference ($t=0.902, p=0.369$, two-tailed) for accountants (M=4.31, SD=0.787) and auditors (M=4.18, SD=0.815) since mostly both of them agreed with the impact on compliance, which enhances the supervision on regulatory compliance. Furthermore, most of them also agreed on how XBRL will avoid providing misleading financial statements and there is no significant difference ($t=-0.129, p=0.898$, two-tailed) on their views on that issue. The statement was ranked 4th in which accountants (M=3.71, SD= 1.137) and auditors (M=3.73, SD=0.963) show no difference in their views. The results show that both accountants and auditors have similar agreed on the impact of XBRL on the corporation and compliance.

Accountants and auditors have agreed on matters such as decision-making, compliance and the issue of misleading financial statements.

Table 2. Panel B - Independent Samples Test on Perceived Impact of XBRL Adoption on Corporation and Compliance among Accountants and Auditors

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
XBRL increases the efficiency of business decision making.	Equal variances assumed	1.006	0.318	0.742	116	0.459
	Equal variances not assumed			0.755	113.505	0.452
XBRL increases the effectiveness of management decision making.	Equal variances assumed	0.211	0.647	-0.649	116	0.518
	Equal variances not assumed			-0.652	109.657	0.516
XBRL allows for easier regulatory compliance.	Equal variances assumed	0.025	0.875	0.902	116	0.369
	Equal variances not assumed			0.906	109.611	0.367
XBRL makes it more difficult for management to issue misleading financial statements.	Equal variances assumed	4.279	0.041	-0.132	116	0.896
	Equal variances not assumed			-0.129	97.494	0.898

4.2 Perceived Impact of XBRL Adoption on Financial Reporting

The results from Table 3 represents the mean score on the impact of financial reporting among accountants and auditors. The respondents in this study predicted that XBRL would be useful in facilitating continuous reporting because the results have shown that the mean score for accountants show 4.31 compared with auditors is 4.15. As suggested by the panel experts in Bonsón's (2009) study, voluntary XBRL reporting would improve the internal reporting process. Following this, the mean score for accountants (4.31) show more than auditors (4.01) when the XBRL will increase the availability of financial reports. Accountants (4.12) are also likely to agree than auditors (3.90) that XBRL's impact would eliminate the accounting principles needed to converge in order to understand financial reporting. However, among the least likely impacts predicted by the accountants and auditors were reducing the cost of generating reports (acc=3.94, ad=3.76), reducing the possible errors in financial statements (acc=3.65, ad=3.63) and the efficiency of financial reporting process. But, auditors (3.37) are more likely to agree on the matter that related to the efficiency of financial reporting process when the mean score shown more than accountants (3.20). The result shown in this study is consistent with the results on the panel experts on XBRL from Baldwin & Trinkle, (2011). The panel was also concerned about the time saved in preparing financial information, reducing errors due to the simplification of data entry and the reduced cost of preparing financial information (Bonsón, 2009).

Table 3. Panel A - Group statistic on Perceived Impact of XBRL Adoption on Financial Reporting

		N	M	SD	Rank
XBRL increases the efficiency of the financial reporting process.	ACC	51	3.20	1.249	6
	AD	67	3.37	1.071	
XBRL decreases the occurrence of errors in financial reports.	ACC	51	3.65	1.146	5
	AD	67	3.63	1.071	
XBRL reduces the cost of generating financial reports.	ACC	51	3.94	1.223	4
	AD	67	3.76	1.016	
XBRL facilitates continuous reporting.	ACC	51	4.31	0.905	1
	AD	67	4.15	0.875	
XBRL enhances the availability of financial reports.	ACC	51	4.31	0.836	2
	AD	67	4.01	0.8037	
XBRL eliminates the need for convergence of accounting principles.	ACC	51	4.12	0.864	3
	AD	67	3.90	0.781	

N=numbers, M=mean, SD= Standard Deviation; ACC= Accountant, AD= Auditor

The Independent Samples Test from this Table 4 explains the impact of financial reporting from the accountant's and auditor's perspective. For the 1st rank, it shows how XBRL facilitates continuous reporting and there was no significant difference (t=0.997, p=0.321, two-tailed) between accountants (M= 4.31) and auditors (4.15) because both parties agreed that XBRL would improve the reporting process since accountants ensure a smooth financial reporting process that is audited by auditors. However, the results show that the 2nd rank had different views on the impact of enhancing the availability of financial reports. There is significant difference (t=1.961, p=0.050, two-tailed) of views between accountants (M=4.31) and auditors (4.01) in relation to the availability of financial reports. Accountant might agree more compared to auditors since accountants are directly involved in the preparation of financial reports.

In the 3rd rank, both accountants (M=4.12) and auditors (3.90) agreed with the statement that XBRL eliminates the need to have convergence in terms of accounting principles. This is mainly because they understand the purpose of applying XBRL, which is to ensure the standardization of financial information and everyone understands the information in financial reports. In relation to the cost of generating (Ranked 4th) financial reports, there was no significant difference (t=0.872, p=0.385, two-tailed) between accountants (M=3.94) and auditors (M=3.76) because both shared the view on continuous reporting. Both of them understand that improvement in reporting will directly reduce the cost of generating financial reports. In regards to reduce errors (Ranked 5th), the results show no significant difference (t=0.098, p=0.922, two-tailed) between accountants (M=3.65) and auditors (3.63) since they do not have any experience in directly using XBRL for preparing financial reports and also auditing the XBRL format. They might share a similar assumption that XBRL might possibly reduce errors. The last impact related to increasing the efficiency of the financial reporting process shows no significant difference (t=-0.828, p=0.410, two-tailed). This is because accountants (M=3.20) and auditors (M=3.37) have a similar understanding but do not have any real experience since the efficiency of the financial reporting process is also related to ensuring the quality of financial information emanating from the reporting process.

Most of the results have shown no significant differences in the impact of XBRL adoption and this might indicate that both accountants and auditors need to understand and play their roles effectively in ensuring financial information is reported using the XBRL format and it is useful to users. As emphasised by Ball (2006), the credibility of financial reporting depends on the roles in the supply chain since each role will be impacted by XBRL adoption. The main prediction of XBRL impacts among accountants and auditors were in line with the panel experts on XBRL from Baldwin and Trinkle (2011). The panel was also concerned about the time saved in preparing financial information, reducing errors due to the simplification of data entry and the reduced cost of preparing financial information (Bonsón, 2009).

Table 4. Panel B - Independent Samples Test on Perceived Impact of XBRL Adoption on Financial Reporting among Accountants and Auditors

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
XBRL increases the efficiency of the financial reporting process.	Equal variances assumed	7.440	0.007	-0.828	116	0.410
	Equal variances not assumed			-0.811	98.272	0.420
XBRL decreases the occurrence of errors in financial reports.	Equal variances assumed	1.044	0.309	0.098	116	0.922
	Equal variances not assumed			0.098	103.814	0.922
XBRL reduces the cost of generating financial reports.	Equal variances assumed	2.963	0.088	0.872	116	0.385
	Equal variances not assumed			0.851	96.224	0.397
XBRL facilitates continuous reporting.	Equal variances assumed	0.514	0.475	0.997	116	0.321
	Equal variances not assumed			0.992	105.830	0.323
XBRL enhances the availability of financial reports.	Equal variances assumed	1.822	0.180	1.961	116	0.050
	Equal variances not assumed			1.952	105.743	0.050
XBRL eliminates the need for convergence of accounting principles.	Equal variances assumed	2.355	0.128	1.462	116	0.147
	Equal variances not assumed			1.442	101.762	0.152

4.3 Perceived Impact on Users of Financial Reports

Table 5 shows the descriptive on the perceived impact on users of financial reports between accountants and auditors. XBRL makes financial reports easily accessible to users and accountants (4.76) believe that XBRL will impact the accessibility of reports more than auditors (4.27). Due to its accessibility, they also agreed on the ability to analyse financial information for cross sectional analysis within industries. Accountants (4.45) view more than auditors (4.24) that data from un-audited XBRL reports could be referred by investors for use in any analysis and improve investment decision-making. However, accountants (3.98) were least likely to agree compared with auditors (4.07) that XBRL will reduce the reliance on third-party information providers because that was ranked as the 5th impact. While, auditors (3.85) are less likely agree compared with accountants (4.24) which the possible impact that XBRL has, as seen in rank 6th, which is the ability to assist analysts to carry out thorough research. The 7th ranked shows that accountants (4.04) believed that XBRL provides more understandable financial reports compared to auditors (3.94) but auditors (4.00) shows the mean score on the matters of decreases the ability of financial analysts to perform cross-sectional analysis between industries are more than accountants (3.80). The 9th ranked showed the least number that agreed about the way XBRL reduced the cost of financial analysis because auditors (3.76) are more likely agreed compared to accountants (3.55).

In Malaysia, the usefulness of financial reports will need to meet the qualitative characteristics such as relevance, faithful representation, comparability, verifiability, timeliness and understandability (IFRS Foundation, 2011). According to Baldwin & Trinkle (2011), the most likely impact on panel experts is related to the accessibility of financial reports, increase of un-audited reports, increase in the ability of financial analysis and investment decision-making, which is in line with the current study. This can be seen that the respondents may understand that XBRL might possibly affect the use of financial reports that are produced using the XBRL format and the transparency of information. Comparatively, Bonsón (2009) stated that the panel experts considered the greater transparency of financial information as vital to the company. This was followed by improving the quality of the financial information, reducing the cost of accessing information, facilitating the comparability and analysis of information.

Table 5. Panel A - Group statistics on Perceived Impact on Users of Financial Reports

		N	M	SD	Rank
XBRL provides more accessible financial reports to users.	ACC	51	4.76	0.428	1
	AD	67	4.27	0.827	
XBRL provides more understandable financial reports for users.	ACC	51	4.04	1.199	7
	AD	67	3.94	1.127	
XBRL enables more thorough research by analysts because of access to more detailed financial data.	ACC	51	4.24	1.031	6
	AD	67	3.85	1.019	
XBRL increases the use of un-audited information by investors.	ACC	51	4.37	0.774	3
	AD	67	4.16	0.863	
XBRL decreases reliance on third-party information providers by users of financial reports.	ACC	51	3.98	1.029	5
	AD	67	4.07	0.745	
XBRL decreases the ability of financial analysts to perform cross-sectional analysis between industries.	ACC	51	3.80	1.132	8
	AD	67	4.00	1.015	
XBRL increases the ability of financial analysts to perform cross-sectional analysis within industries.	ACC	51	4.45	0.901	2
	AD	67	4.24	0.854	
XBRL decreases the cost of financial analysis performed by users of financial reports.	ACC	51	3.55	1.419	9
	AD	67	3.76	1.268	
XBRL allows more efficient investment decisions by users of financial reports.	ACC	51	4.31	0.883	4
	AD	67	4.00	0.853	

N=numbers, M=mean, SD= Standard Deviation; ACC= Accountant, AD= Auditor

Table 6 shows the different of 9 impacts of financial reports among accountants and auditors. The 1st ranked impact shows significant difference ($p=0.000$) among accountants ($M=4.76$) and auditors ($M=4.27$) perhaps because the accessibility depends on the purpose of preparing XBRL reports in future. Accountants ($M=4.24$) and auditors ($M=3.85$) also had different views on how XBRL is capable of assisting in carrying out a thorough analysis since the data from the XBRL format is more detailed (Ranked 6th) and had a significant difference ($p=0.046$). The last impact showed a significant difference ($p=0.050$) and was ranked 4th, in which accountants ($M=4.31$) and auditors ($M=4.00$) felt differently on how XBRL can help users to be efficient in making investment decisions. This because of different types of investment and information needed by users when using the XBRL format. Few users may not realise the benefit in using information obtained from the XBRL format.

There are another six statements related to the impact of financial reports on users and the results show significant difference between both jobs. The statements are as follows, there is no difference how XBRL can provide more understandable information to users ($p=0.647$), increasing the use of un-audited information by investors ($p=0.177$), reduce the reliance on third-party information providers ($p=0.565$) as well as reduce ($p=0.325$) and increase ($p=0.195$) the ability of cross-sectional financial analysis within industries. This might be because the users agree, disagree or are unaware of the impact since they relied on the investor analysis. In relation to cost of the analysis, there was no difference in their views about related matters between accountants and auditors ($p=0.394$). Most of the results showed no difference in the views regarding XBRL use between accountants and auditors. The results indicate that the understanding of the impact on users is slightly different since accountants are preparers of financial reports compared to auditors, who validate financial information.

In Malaysia, the usefulness of financial reports will need to meet the qualitative characteristics such as relevance, faithful representation, comparability, verifiability, timeliness and understandability (IFRS Foundation, 2011). According to Baldwin & Trinkle (2011), the most likely impact on panel experts is related to the accessibility of financial reports, increase of un-audited reports, increase in the ability of financial analysis and investment decision-making, which is in line with the current study. This can be seen that the respondents may understand that XBRL might possibly affect the use of financial reports that are produced using the XBRL format and the transparency of information. Comparatively, Bonsón (2009) stated that the panel experts considered the greater transparency of financial information as vital to the company. This was followed by improving the quality of the

financial information, reducing the cost of accessing information, facilitating the comparability and analysis of information.

Table 6. Panel B - Independent Sample Test on Perceived Impact on Users of Financial Reports among Accountants and Auditors

		Levene's Test for Equality of Variances		t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
XBRL provides more accessible financial reports to users.	Equal variances assumed	15.395	0.000	3.900	116	0.000
	Equal variances not assumed			4.221	103.708	0.000
XBRL provides more understandable financial reports for users.	Equal variances assumed	1.026	0.313	0.459	116	0.647
	Equal variances not assumed			0.456	104.130	0.650
XBRL enables more thorough research by analysts because of access to more detailed financial data.	Equal variances assumed	0.340	0.561	2.020	116	0.046
	Equal variances not assumed			2.017	107.105	0.046
XBRL increases the use of un-audited information by investors.	Equal variances assumed	0.011	0.916	1.358	116	0.177
	Equal variances not assumed			1.378	112.883	0.171
XBRL decreases reliance on third-party information providers by users of financial reports.	Equal variances assumed	11.787	0.001	-0.577	116	0.565
	Equal variances not assumed			-0.553	87.302	0.582
XBRL decreases the ability of financial analysts to perform cross-sectional analysis between industries.	Equal variances assumed	3.332	0.071	-0.989	116	0.325
	Equal variances not assumed			-0.974	101.227	0.332
XBRL increases the ability of financial analysts to perform cross-sectional analysis within industries.	Equal variances assumed	0.305	0.582	1.305	116	0.195
	Equal variances not assumed			1.295	104.681	0.198
XBRL decreases the cost of financial analysis performed by users of financial reports.	Equal variances assumed	6.751	0.011	-0.855	116	0.394
	Equal variances not assumed			-0.842	101.024	0.402
XBRL allows more efficient investment decisions by users of financial reports.	Equal variances assumed	1.437	0.233	1.950	116	0.050
	Equal variances not assumed			1.940	105.804	0.051

4.4 Perceived Impact on Audit

Since XBRL is still new in Malaysia, its impact on audit will not likely be agreed on by both accountants and auditors as shows in Table 7. However, they believe that XBRL will contribute towards continuous auditing (Baldwin & Trinkle, 2011) as seen that accountants (4.08) are more likely agreed that XBRL will facilitates continuous auditing compared to auditors (3.94). Accountants (3.61, 3.55) also shows likely agreed that XBRL may improve internal controls and reduces the audit costs compared to the auditors' perception (3.58, 3.49). Overall, the understanding of respondents in this the current study was average on the impact of XBRL on audit costs and internal controls. However, knowledge on XBRL and its impact on auditing needs to be emphasised since XBRL will greatly impact auditors and accountants (Ward, 2004).

Table 7. Panel A - Group statistic on Perceived Impact on Audit

		N	M	SD	Rank
XBRL facilitates continuous auditing.	ACC	51	4.08	0.845	1
	AD	67	3.94	0.851	
XBRL reduces financial statement audit costs.	ACC	51	3.55	0.730	3
	AD	67	3.49	0.683	
XBRL leads to improvement in internal controls.	ACC	51	3.61	0.802	2
	AD	67	3.58	0.742	

N=numbers, M=mean, SD= Standard Deviation; ACC= Accountant, AD= Auditor

The Table 8 presents the results of the Independent Samples Test on the impact of XBRL adoption on auditing. The last impact that might be important is the way XBRL affects the audit perspective. Both accountants and auditors are affected by this impact since they contribute to the preparation of audited financial reports, either directly or indirectly. Based on this finding in Table 8, there is no significant difference ($p=0.383$) in their understanding of how XBRL can facilitate continuous auditing, internal control improvement ($p=0.857$) and reduce the audit costs ($p=0.666$). This is evident in their meagre agreement because they did not really know about the auditing perspective. The understanding of respondents in this the current study was average since they did not know the impact of XBRL on audit costs and internal controls. This is because XBRL is still new in Malaysia, is yet to be widely adopted and these potential adopters do not really realise the benefits of auditing. However, knowledge on XBRL and its impact on auditing needs to be emphasised since XBRL will greatly impact auditors and accountants (Ward, 2004).

Table 8. Panel B - Independent Samples Test on Perceived Impact on Audit among Accountants and Auditors

		Levene's Test for		t-test for Equality of Means		
		Equality of Variances		t	df	Sig. (2-tailed)
		F	Sig.			
XBRL facilitates continuous auditing.	Equal variances assumed	0.008	0.930	0.876	116	0.383
	Equal variances not assumed			0.877	108.156	0.382
XBRL reduces financial statement audit costs.	Equal variances assumed	0.531	0.468	0.432	116	0.666
	Equal variances not assumed			0.428	103.867	0.669
XBRL leads to improvement in internal controls.	Equal variances assumed	0.767	0.383	0.180	116	0.857
	Equal variances not assumed			0.178	103.164	0.859

4.5 Perceived Challenges on XBRL Adoption

Table 9 provides 10 possible challenges posed to respondents since the XBRL format is not widely used in Malaysia. The development of the XBRL format is related to XBRL taxonomy elements; thus, they agreed that the lack of accounting qualification or experience hinders the understanding of XBRL taxonomy (M=4.73). Since the XBRL format is recent in Malaysia, the respondents feel that lack of training in XBRL (M=4.44) is one of the main challenges of XBRL development in Malaysia. They also feel that time and effort (M=4.25) are needed in learning to understand XBRL as well as the lack of IT personnel with relevant technical knowledge (M=4.03). However, some respondents disagreed with the lack of IT personnel who possess relevant technical knowledge (N=16). In line with rank 9, there were 31 respondents who disagreed about the lack of IT expertise (M=3.77) for implementing XBRL. Accountants and auditors who are already using the current software believe that there is a lack of available software that is able to display and analyse XBRL documents (M=3.98) and some agreed that there is a lack of software that performs the same functions as XBRL. Most respondents believed that XBRL is still not in demand (M=3.94) in Malaysia, possibly due to the level of readiness. In terms of XBRL software costs, respondents agreed (N=71) that the cost might include the development of XBRL; however, few respondents disagreed (N=11). The last challenge was ranked 10th, in which most respondents were still unaware of the new procedures on how to create XBRL documents (M=3.54). Comparatively, Dunne et al. (2009) and Nel and Steenkamp (2008) stated that stakeholders perceived more challenges when time and effort was spent to learn, there is no demand for XBRL, the implementation of new reporting procedures and the cost of software.

Table 9. Descriptive analysis of expectation towards XBRL challenges

	Mean	Rank
Cost of XBRL software	3.85	8
Time and effort needed to learn about XBRL.	4.25	3
Lack of need for using XBRL (i.e. no demand).	3.94	6
Implementing new reporting procedures to create XBRL documents.	3.54	10
Lack of available software for displaying XBRL documents and analysing them	3.98	5
Lack of IT expertise necessary to implement XBRL	3.77	9
Lack of accounting qualifications/experience to assist in understanding different XBRL taxonomy elements	4.73	1
Lack of IT personnel possess the relevant technical knowledge necessary to understand XBRL	4.03	4
Less alternative software systems/packages exist to perform the same functions as XBRL.	3.89	7
Lack of XBRL training	4.44	2

4.6 Perceived Strategies on XBRL Adoption

Table 10 shows that most respondents need exposure (M=4.67) to XBRL, which should be provided by the professional body in line with the challenges related to the accountants' and auditors' needs. This step is crucial in order to counter the lack of accounting qualification or experience and subsequently assist in understanding XBRL taxonomy elements.

Table 10 – Descriptive analysis of expectation towards possible strategies

	Mean	Rank
There is a need for XBRL training when possessing sufficient technical knowledge and skills.	3.69	4
There is a need for exposure of XBRL by the accounting professional body	4.67	1
The Government should introduce a voluntary XBRL filing program	4.48	2
There is a need to have a clearly written policy manual for using XBRL	3.81	3

The need for exposure and promotion of XBRL usage was suggested by past researchers such as Hodge et al. (2004) and (Pinsker, 2003) In enhancing the smooth flow of XBRL development, respondents believed that the introduction of a voluntary XBRL filing program would assist this effort (M=4.48). Furthermore, to have a clearly

written policy manual (M=3.81) for preparing XBRL documents for financial reporting would assist in the learning and using of XBRL in the future. When referring to the challenges related to technical knowledge and skills, some respondents (M=3.69) felt that there is no need for XBRL training (M=3.69) when respondents have sufficient knowledge and skills.

5. CONCLUSION

This study focuses on the likely impact of XBRL adoption on (1) corporate and compliance, (2) financial reporting, (3) users of financial reports, and (4) auditing. The most likely impact on corporate and compliance would be the increase in the efficiency of business decision-making, easier regulatory compliance and increasing effectiveness of management decision-making. Then, the most likely impact of financial reporting is facilitating continuous reporting, enhancing the availability of reports and reducing the need to converge accounting principles. Furthermore, respondents were mainly focused on the accessibility of financial reports, increased performance of cross-sectional financial analysis and increase use of un-audited information by investors. Finally, the respondents knew the most likely impact of XBRL, which is to facilitate continuous auditing. However, there were respondents who were not aware of the related impact such as how XBRL might increase the effectiveness of management decision-making, increase the efficiency of the reporting process, eliminate convergent accounting principles, facilitate continuous reporting, reduce cost of analysis as well as increase the efficiency of investment decisions and related matters in auditing.

Overall, the results showed not much difference in the understanding of XBRL impact on each of the categories among accountants and auditors since XBRL adoption is still in the early stages of implementation by regulators, particularly the Suruhanjaya Syarikat Malaysia (SSM), Securities Commission Malaysia (SCM) and Inland Revenue Board of Malaysia (IRB). The promotion of XBRL benefits is needed to communicate the various important roles played in financial reporting supply chains. The Malaysia Professional Bodies could also participate in the program to introduce XBRL adoption for both accountants and auditors. This is because XBRL might have different effects when preparing financial report and validating financial information, as highlighted by Nel & Steenkamp (2008) and Ball (2006). Furthermore, the nature of the XBRL format could be used in different ways and for different purposes by financial regulators, securities regulators, business registrars, tax authorities, statistical and monetary policy authorities, companies, government agencies, data providers, analysts, investors, accountants and auditors.

Due to a low level of understanding of XBRL, this study also identified the possible challenges faced by respondents. The most number of challenges faced are related to XBRL adoption and how to overcome these challenges. Respondents are expected to face challenges regarding lack of accounting related to XBRL taxonomies, lack of training as well as time and effort needed to learn the XBRL concept. The lack of understanding of the impact of XBRL adoption could be overcome through exposure by the accounting professional body, voluntarily filing and having clearly written policies on XBRL usage. This study provides opportunities to witness possible impacts on governments, regulators and standards setters' due to XBRL adoption. With XBRL, they will look further on the promotion and initiative that could enhance the understanding on the XBRL concepts among accountants and auditors.

This study is not without limitations. First, this study only focused on accountants and auditors based on their basic knowledge about XBRL as compared to Baldwin and Trinkle (2011), who focused on the impact based on the views of panel experts. Therefore, the results in this study could not generalise and represent accurate impact scenarios of XBRL format because the Malaysian scenario is different compared to other countries. It is suggested that future studies further investigate the impact and challenges of XBRL faced by various stakeholders.

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