

## Does XBRL Feasible to be the Main Format of Financial Report in Indonesia? (Case Study: Cement Indonesia Tbk)

Icha Tifany\* and Untara SE

Department of Information System, Gunadarma University, Indonesia

### Abstract

Because of technological advance, company faces an intense competition that only company which able to implement that technology can compete. The assessment of company is generally seen from its financial report. It can't be denied that company is currently facing problems related to the differences format (.pdf, .xls or .txt) of financial report. The different formats of financial figures sometimes need to be manually input into new formats. This makes it easy to produce inaccurate information and is likely to be less reliable. The choice of output format of financial report is significant importance, therefore the need and importance of being able to exchange financial data to be more effective and efficient has led to the evolution of the reporting system called extensible Business Reporting Language (XBRL). Even many countries already use XBRL as their main format of financial report, Indonesia has not fully adopted yet, because of the lack of knowledge about XBRL and majority of stakeholders still ignore the advantages of XBRL by thinking it is not relevant to them. This research explain the data processing on the financial report that apply XBRL technology by using Cement Indonesia Tbk as the sample of public listed company (2015-2016) and conclude that by implementing XBRL will make it easier to publish financial report, improving easy access to financial information for international investors, accelerate business decision making, reduce the time needed and increase the accuracy and originality of data which believed that XBRL will be the main format of financial report of public listed company in Indonesia soon.

**Keywords:** XBRL; Financial reporting; Efficiency; Effectiveness; XML; Taxonomy; Accounting system information; Public listed company; IDX

### Introduction

Technology evolves as the development progresses in this era. Nowdays financial presentations can not be separated from technology. Company that can compete in business competition is a company that able to implement the technology [1]. The rapid growth of the Internet and the rise of globalization have meant that many companies no longer run their business in their own country alone. They have expanded globally by opening branches, establishing subsidiaries, or by investing in joint ventures with affiliated companies. This makes the sharing financial information become more important. Therefore, a number of different kinds of output forms are produced and published for the use of external parties, including a variety of output file formats such as, .xls from Microsoft Excel, .pdf from Adobe Acrobat, or .txt from text files. This difference makes it hard to share besides it has a different format it also has a large size. In facts that many stakeholders use the figures from financial report to make a decision, either for internal or external purposes.

However, the stakeholders cannot instantly make a comparison between the figures of one company and another if their financial report files are not prepared in, or cannot be extracted to, the same format. It makes sometimes need to be manually input into new formats. This makes it easy to produce inaccurate information and consequently, manually inputting data is likely to be less reliable. Therefore, the choice of output format of financial report is significant importance. Investors, consumers, employees or regulatory agencies such as every stakeholder have been differing information needs, and it is difficult to meet these needs by one standardized financial report [2]. The fact in order to extract financial data needs a lot of money to overcome these shortcomings XBRL has been developed. Christopher Whalen, co-founder of Institutional Risk Analytics in Blankerspoor et al. [3] claimed that "Putting financial data in ready-to-crunch condition might seem a trivial detail until you consider that Wall Street currently

spends 80% of its time and money in data mining and 20% on actual analysis - what data pros call the '80-20 rule'.

The need and importance of being able to exchange financial data to be more effective and efficient has led to the evolution of the reporting system called eXtensible Business Reporting Language (XBRL). Since 2012, Indonesia Stock Exchange (IDX) has started developing reporting with XBRL-based. In order to implement the reporting system, IDX must prepare a taxonomy that represents a reporting which has been released in 2014. Reporting XBRL-based of financial report information in Indonesia was planned to be implemented in 2015. But until 2018, we can say that XBRL still not fully implemented in Indonesia. One of the reason is because the lack of knowledge about XBRL.

### Literature Review

#### The characteristic of financial report

According to the Financial Accounting Standards, the financial statements are useful to users of information that there should be four qualitative characteristics that are understandable, relevant, reliable, and comparable.

#### The evolution of XBRL

EXtensible Business Reporting Language or known as XBRL is an open-standard XML (eXtensible Markup Language) based format,

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**\*Corresponding author:** Icha Tifany, Department of Information System, Gunadarma University, Indonesia, Tel: 08176420705; E-mail: [ichatifany@gmail.com](mailto:ichatifany@gmail.com), [torobantul@gmail.com](mailto:torobantul@gmail.com)

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which is developed by an American Accountant Charles Hoffman. XBRL used as standardize the business reporting language to improve the analyses and exchange of data between entities.

### **XBRL concept**

XBRL is an independent language platform that can support both financial and non-financial data. It uses four basic documents namely:

1. The XBRL specification - provides the fundamental technical definition of XBRL framework,
2. XBRL taxonomies - which are a bit like dictionaries because they contain definitions of data tags, the data tags themselves and the relationships between tagged items,
3. XBRL instance documents - which essentially mean the coming together of the taxonomy and the XBRL specification in the context of a financial report,
4. Style sheets-which convert the machine-readable instance document into a form that is readable by humans.

The XBRL is a language that can be understood by both computers and humans and it is being developed in collaboration so that there is broad agreement on its content [4].

### **Taxonomy**

Taxonomy is almost similar to a dictionary and it consists of definitions of every reporting element and their mutual relation. It does not contain any data. Every word or text in a report will be tagged with a unique definition to create an unambiguous report definition. Then the reports can automatically be read and processed based on this report definition. Now computers can recognize, select, save, combine, analyze, exchange and present the information to users [5].

### **Linkbase**

Linkbases are an important part to define XBRL taxonomy. The goal of these linkbases is to combine references and labels together with the data and define the relation between it. Without linkbases the taxonomy is meaningless, because otherwise there would be no rules to define the terms.

### **Instance document**

The report that is readable for the computer is called an instance document. In this XBRL format the data will be saved with a reference to a definition in the taxonomy. This way the definition of the text has been determined, but not the context, so other systems do not know to which company or period the text is related to a study [6].

### **Stylesheets**

The instance document explained above contains information that can be easily recognized by systems, but it is difficult to read for users. To make the the instance documents which readable for users called as stylesheets.

### **Methodology**

This research used secondary data which obtained or collected. The data in this research is qualitative and quantitative data. After do the purposive sampling, the sample choosen is Cement Indonesia Tbk. The author uses several methods of data collection to obtain the necessary data in this research, which is related to analysis the XBRL. The technique used by author is literature study. The sample used is a

sample that meets the specific criteria which author desired and selected based on certain considerations in accordance with the purpose of the research.

## **Result and Discussion**

### **How to exchange financial report into XBRL format?**

In order to exchange financial format into XBRL format user used some applications are: Microsoft Office Excel 2003/2007, Microsoft .Net Framework, Dragon Tag, and Dragon View. As the sample we used is Cement Indoensia Tbk, which is in a cement subsector from the IDX taxonomy we can used General as the entry point of the linkbase.

- To begin the process of justifying the financial report, the writer first opens the Dragon Tag application (Figure 1). Then the author chose the Start Excel with Dragon Tag Add-in feature. After that, the Microsoft Excel application window opens automatically.
- The next stage is to create new entities and fill in entity related information (Figures 2 and 3). At this stage the researcher determines the type of currency which is Indonesian Rupiah, the digit unit to be used which is million, the reporting agency where the entity will publish its financial report ([www.idx.go.id](http://www.idx.go.id)) then upload the taxonomy. The upload process needs to be done to view the translation of each item on the type of financial statements of each company. This is what makes XBRL a global standard format that can be understood by all stakeholders.
- Next is the stage of mapping (tagging) that is mapping between existing accounts in the financial statements with existing accounts in the template, if you can not find the account sought, select the closest one. The taxonomy to be used for tagging at this stage based on the linkbase that has been selected before according the entry point.
- To ensure the data in the document instance is valid, the validation is done by using calculation link and formula. If error encountered, the existing data needs to be fixed first. Figure 4 shows that the process of validating as the results of mapping each item of financial statements. In this sample below, the validation of the mapping of financial items is not error. Then the financial report has been created in XBRL format.
- To be able to interpret the financial report with the XBRL format above, the author takes one example below. See Table 1 for the



Figure 1: Dragon tag application.

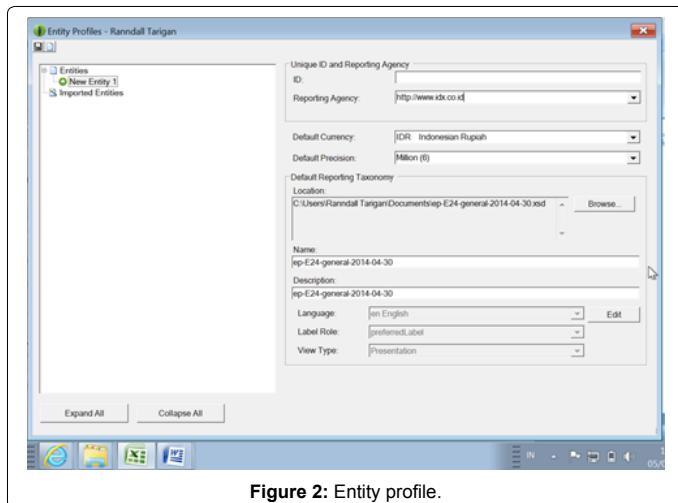


Figure 2: Entity profile.

1	Cash and cash equivalents	The concept name of the presented item.
2	contextRef="TwelveMonthsEnded_31Dec2016"	This refers to the period of this financial data.
3	decimals="-6"	Unit of measurement, which is used for interpreting the value specified by proximity to decimal points. In this statement's heading this is shown to be 'in millions', which means that the data does not show the entire full format of amount and so it increases the zero amounts to the data.
4	unitRef="IDR">	Refers to the currency used.
5	2834444371	The amount of this item.
6	</idx-cor:CashAndCashEquivalents>	The close tag of this line item.

Table 1: How to interpret the financial report.

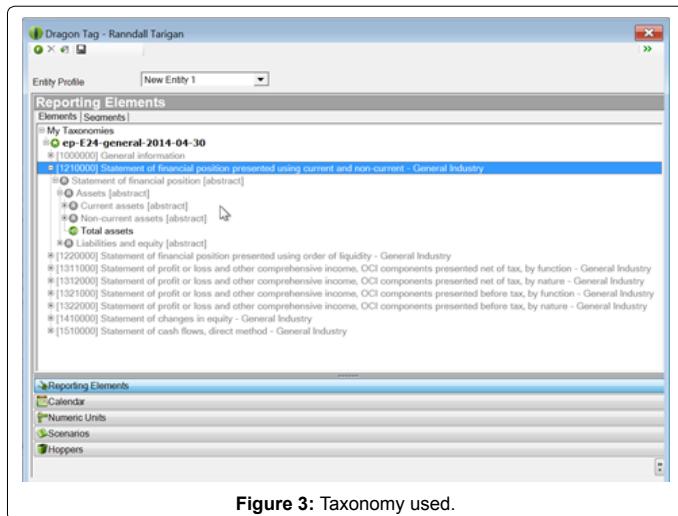


Figure 3: Taxonomy used.

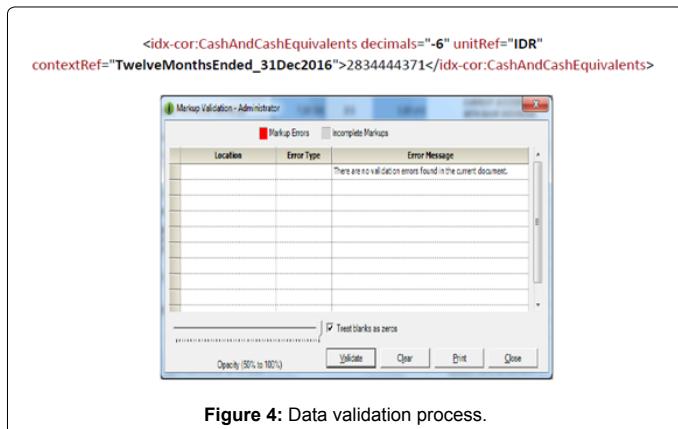


Figure 4: Data validation process.

description.

Any company report that has been successfully justified to XBRL format must have at least three files, among them are:

- [Taxonomy Name].xsd

This file is a taxonomy used to emphasize the presentation of financial report in Indonesia. In this research, writer use idx taxonomy

for cement subsector

- [Financial Report Name].xbrl

This file contains tags of mapping results of each financial item that refers to the taxonomy of idx.

- [Financial Report Name].pdf

This file contains a report display that has been simplified according to each type of id of the financial report to make it easier for all stakeholders to analyze the financial position of the company.

### Issues that XBRL resolve

Without a consistent standard for exchanging data frustrates the entity due to inefficient reporting process. This is not only experienced by the sector of Basic Industry and Chemicals, or especially the subsector cement but all the public listed company, considering that based on Law no. 40 of 2007 that public listed companies must publish their financial report through electronic media (banking and non banking).

For a high level business environment, ineffective communication with outside users raises a number of issues. Financial report that are difficult to interpret, analyzed and compared trigger investors will lead them to unreliable sources and misperceive risk perceptions. Errors can occur in the process of collecting financial data manually, where stakeholders such as auditors, tax officials, regulators, analysts or investors will re-process the information manually for their own purposes which lead the probability of error greater.

XBRL is a widely accepted data standard that solves this dilemma and allows the sharing of the same financial information between computer systems, software applications and people. XBRL works based on XML (eXtensible Markup Language) with the mapping process, it can provide a standard description that enables other applications to understand the meaning and context of the specific information to a financial document, which helps readers understand the data in an accurate and accurate manner.

According to McGuire et al. [7] in his paper "Second Wave Benefits of XBRL" explained that the benefit of XBRL for the next level is a continuous audit process. XBRL will standardize the exchange of basic data accounting, such as "Debit a \$200 Accounts Receivable, \$200 credit sale," whereby auditors can import a very large set of accounting data from their clients into their software, without having to use client technology platforms. This is consistent with Alles et al. [8] that support

the continuous auditing can lead to a sustainable reporting that may complement and substitute the traditional annual audit report.

Equipped with increased efficiency in the audit process, XBRL will improve the efficiency of the entire financial reporting process, and lead to a lower audit costs [9,10] and reductions in creation costs and dissemination of financial report [11-13]. XBRL will make an automatic composition and report processing for stakeholders that leads to minimize costs significantly by eliminating the time and effort spent to re-input and re-checking information manually.

XBRL makes internal information systems can be integrated more quickly with effectively cost [14-17]. So it can be said that XBRL is feasible to be applied as the main financial report in Indonesia because it can:

1. Make it easier to publish financial report, because XBRL can be reprocessed into the desired format: PDF, HTML, Excel, TXT, etc.
2. Improving easy access to financial information, especially for international investors, as XBRL implements information identification standards. Overseas investors can conduct their analysis independently and make comparisons using their own language,
3. Accelerate business decision making. XBRL presents financial information in a transparent and easy manner, making it easier for users to analyze and speed up decision making,
4. Increased exchange within and between organizations, in addition to data manipulation requires high costs,
5. Reduce the time needed to perform the business reporting tasks and underlying processes,
6. Improved environmental controls, reduced data manipulation, and related reporting activities manually,
7. Facilitate the reporting of developing businesses into paperless,
8. Increase the accuracy and originality of data.

It is also supported by Ito Warsito as President Director of IDX and Nurhaida as the Chief Executive Officer of Capital Market Supervisory Authority (OJK) in Jakarta on (June 22<sup>nd</sup>, 2015) which said that XBRL based reporting will improve the quality of reporting information, improve data integrity with the function of validation, provide comprehensive financial data in various formats so it can be directly used and processed, improve financial data comparability, increase the interest over Indonesian capital markets and assist supervision of regulators ([www.neraca.co.id](http://www.neraca.co.id)).

## Conclusion

This is a research and experiments which conducted by the author on the financial statements of public listed companies, especially in the sub sector of cement in Indonesia with a sample of PT Semen Indonesia Tbk for 2015 and 2016. In accordance with the formulation of the problem, this research describes the process of justifying the traditional format of financial statements into the international standard format (.xbrl) where the authors have described in step-by-step detail, then provide an explanation of the benefits that can be obtained by using XBRL as the main format of financial statements specially the public listed company.

Based on the analysis and discussion that has been stated in the previous chapter, it can be concluded that the XBRL format can solve the problems faced related to differences of the current financial statement format. Although today public listed companies in Indonesia have not been required to use the XBRL format but for the next few years XBRL deserves to be the main format of financial statements of public companies in Indonesia, both financial sector and non-financial sector which is supported by IDX and OJK.

## Recommendation

This sample research is limited only to the cement sub sector companies in the period of 2015-2016. Recommendations that can be given for further research is hopefully the next researcher can conduct further research on the influence of the application of XBRL both related to standardization of financial statement presentation or XBRL influence on all financial elements contained in the financial statements.

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