Perceptions of Accountants and Finance Managers on the Use of XBRL in Financial Reporting

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Article Info	ABSTRACT
	This study explores the perceptions of accountants and finance managers regarding the adoption of eXtensible Business Reporting Language (XBRL) in financial reporting within the Indonesian context. Using a qualitative approach, data were collected from five informants and analyzed using NVivo software. The findings reveal that XBRL significantly enhances efficiency, accuracy, and compliance in financial reporting. However, challenges such as technical complexity, high implementation costs, and resistance to change hinder its adoption, particularly among smaller organizations. The study highlights the importance of management support, tailored training programs, and government initiatives to promote XBRL adoption. These insights contribute to a deeper understanding of how digital technologies can transform financial reporting practices, offering practical recommendations for overcoming adoption barriers.

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1. INTRODUCTION

The development of information technology has brought immense change to various sectors of business, and financial reporting practice is one such area that has been changed tremendously. Modern innovations in digital terms enable companies to improve efficiency, accuracy and transparency in supplying financial information [1]. eXtensible Business Reporting Language (XBRL) is one such innovation that has drawn considerable attention in this regard, an international standard for the communication and exchange of financial information which makes financial reporting more structured, automated and machine-readable [2], [3].

XBRL has some significant benefits, such as data standardization, reduction in errors, and improved comparability of information among entities and jurisdictions. In Indonesia, XBRL was only recently starting to be promoted, especially by regulatory bodies such as the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX), who have imposed it as mandatory to use XBRL for financial reporting with a vision to improve the quality of capital market financial information [4].

However, although its self-evident benefits, the implementation of XBRL has not been without barriers. Many organizations, especially small and medium-sized firms (SMEs), are faced with technical problems such as complexity of taxonomy

development, training of human resources, and technology infrastructure limitations [5]. In addition, resistance to change and the belief that XBRL is complicated, are also constraints [6]. This helps to put into question the extent to which financial reporting actors are prepared for this change.

The urgency of this research lies in the importance of knowing whether accountants' and financial managers' perception of XBRL can drive its successful implementation. As they are the primary users who prepare financial statements, their perception and attitude towards the technology will be the driving force behind the level of its usage and acceptance within the profession. Lack of knowledge and coordination by internal institutions can be a serious setback in the digital transformation of financial reporting.

Drawing from this context, the problem statements of this research are: How do accountants and financial managers perceive the application of XBRL in Indonesian financial reporting? It is essential to answer this question so as to identify the facilitators and barriers to the application of XBRL-financial reporting technology, and determine means of improving the efficiency of its application.

The aim of this study is to extensively examine the attitudes of financial managers and accountants towards applying XBRL in financial reporting. Based on qualitative research, this research seeks to find out the experiences, attitudes and problems faced by professionals in implementing XBRL, and provide pragmatic recommendations to make the adoption of this technology successful in Indonesia.

2. LITERATURE REVIEW

2.1 The Concept of XBRL

XBRL is an open, XML-based standard for the preparation, exchange, and analysis of business and financial data. XBRL International Organization asserts that it gives the labeling of financial information by using standardized codes so that information becomes machine-readable and easily sharable. XBRL improves the efficiency of data preparation, reduces errors, and maximizes access to financial reports by various categories of stakeholders including investors, regulators, and analysts [7].

2.2 Benefits of XBRL in Financial Reporting

Benefits of XBRL have been widely discussed in previous studies, highlighting its immense contribution towards enhancing the process of financial reporting. It can be said that its major strength lies in comparability and standardization, where XBRL enables the standard portrayal of finance information, thereby enabling the comparison of financial information between firms and nations [8]. In addition, XBRL increases reporting effectiveness by allowing the preparation and filing of data to be mechanized, hence conserving time and energy and improving the promptness of financial disclosure [9]. The technology also improves accuracy and transparency because it minimizes hand handling of data, hence reducing human error and improving the credibility of reported financial data [10]. Furthermore, XBRL is also employed for regulatory compliance purposes, as most jurisdictions mandate its use in order to submit standardized reports to the authorities and to ensure organizations are in compliance with set financial reporting standards [11].

2.3 XBRL Implementation Challenges

Despite its numerous benefits, XBRL implementation is not problem-free, as several of the key challenges have been emphasized in previous research. The most important issue is technical complexity since the implementation of XBRL requires high technical expertise, particularly in areas such as taxonomy design and tagging of financial data [12]. Another concern is the cost of adoption, including initial setup charges, employee training, and potential modifications to current information systems to accommodate the new reporting framework [13]. Resistence to change also proves to be a drawback because organizations and personnel may be apprehensive to accept XBRL's implementation due to unawareness of or

insufficient information regarding its benefits [14]. Further, the fact that XBRL is electronic brings security of data into question along with financial information privacy, which needs to be transcended to secure stakeholder faith and regulatory obligations [15].

2.4 Accountants' and Finance Managers' Perceptions

Perceptions of accountants and finance managers are significant in deciding the success or failure of XBRL implementation since they are among the key stakeholders in the financial reporting process whose attitudes can decide the extent of acceptance and effective use of the technology. Findings indicate that accountants view XBRL as beneficial, particularly in ensuring improved data accuracy and preventing the occurrence of errors in reporting. However, they also express their concerns regarding the complexity of the technology and the ongoing need for professional development in order to stay abreast with its evolving standards [16]. Finance managers, on the other hand, are keenly interested in the strategic benefits of XBRL, including enhancing decision-making procedures and strengthening regulatory compliance. But their endorsement of XBRL adoption is usually subject to the readiness of the organization to adopt it, e.g., the availability of funds, technical infrastructure, and in-house capabilities to adapt to technological change [17].

2.5 XBRL in the Indonesian Context

Indonesian regulatory bodies, such as the Financial Services Authority (OJK) and the Indonesian Stock Exchange (IDX), have legally mandated the use of XBRL in financial reporting. Indonesian studies indicate that the adoption of XBRL was mixed, with the larger firms being found to be better prepared while small-scale businesses are finding it difficult to cope with limited resources and no technical expertise [18]. This study focuses on the importance of stakeholder engagement, capacity-building training, and assistance towards the adoption of XBLR in Indonesia.

2.6 Gaps in the Literature

Although previous studies have widely debated the advantages and disadvantages of XBRL, few studies have examined the qualitative experiences and perceptions of accounting and finance professionals. The majority of previous studies have used quantitative approaches, with a gap in understanding the rich, contextual experiences of individuals directly engaged in financial reporting processes. This study seeks to narrow this gap by examining the perceptions of Indonesian finance managers and accountants, gaining valuable insights on the experience of XBRL adoption.

3. METHODS

3.1 Research Design

A qualitative research design was chosen to facilitate an in-depth examination of the experiences, attitudes, and issues of professionals who are directly involved in financial reporting. This approach allows for exploring complex phenomena in their natural setting and therefore is appropriate for examining the subtle perceptions of XBRL adoption.

3.2 Participants and Sampling

The informants of the study are five finance managers and accountants from various organizations in Indonesia, selected based on their professional experience and direct involvement in financial reporting procedures to match the research objectives. Purposive sampling was employed to choose participants who would be capable of giving rich and meaningful information regarding the topic, particularly on the implementation and impact of XBRL. The participant selection criteria were active participation in financial reporting activities, background experience or familiarity with XBRL implementation, and three or more years of work experience in the accounting or financial management fields. The criteria sought to provide informants with the technical expertise as well as on-the-job exposure to provide well-informed information regarding the opportunities and challenges of XBRL adoption in the Indonesian context.

3.3 Data Collection

Data were gathered using semi-structured interviews, which provided flexibility in probing participants' experiences while ensuring that key research questions were covered. The interview guide was constructed on the basis of the study aims and the literature on XBRL adoption. It covered questions on the perceived benefits, challenges, and general impact of XBRL on financial reporting.

All the interviews lasted approximately 45 to 60 minutes and were either face-to-face or online, depending on the preference and availability of the participants. All the interviews were recorded with the consent of the participants and transcribed verbatim for analysis.

3.4 Data Analysis

The data gathered were analyzed using NVivo software, a qualitative data analysis tool used to facilitate systematic organization, coding, and interpretation of textual data. The study employed a thematic approach, beginning with familiarization, whereby the researcher carefully read through the interview transcripts in order to form an initial impression of the content. This was then followed by a coding exercise where relevant chunks of text were coded in line with emergent themes, patterns, and concepts from the participants' perception of XBRL. The second step involved making broader themes by merging similar codes, thus determining the core findings and implicit messages obtained from the data. Lastly, the themes were analyzed in relation to the study objectives and literature, thus gaining a deeper insight regarding how accountants and finance managers perceive the deployment, benefits, and drawbacks of XBRL within the Indonesian financial reporting context.

4. RESULTS AND DISCUSSION

4.1 Perceived Benefits of XBRL

Participants unanimously acknowledged the time-saving potential of XBRL, particularly in automating the tagging and reporting processes, which significantly reduces the need for manual intervention and enables faster, more streamlined workflows. Informant 3, a finance manager with 10 years of experience, shared, "XBRL saves a lot of time. Previously, I spent hours consolidating data, but now, the system does it in minutes." This sentiment was echoed by Informant 1, who emphasized the operational benefits for smaller teams, stating, "The automation reduces our dependency on external consultants for preparing reports. It's a game-changer for small teams." These observations highlight how the implementation of XBRL not only increases efficiency but also empowers internal teams to manage reporting tasks more independently.

The structured nature of XBRL was also recognized for reducing errors and improving data integrity. Participants pointed to the use of standardized taxonomies as a crucial factor in maintaining consistency across financial reports. Informant 2, an accountant from a mid-sized firm, explained, "When everything is tagged systematically, there's no room for ambiguity." Supporting this view, Informant 4 shared, "I used to worry about mismatched figures, but with XBRL, the chances of human error are significantly lower." Additionally, XBRL's compatibility with regulatory requirements was noted as a major advantage. Informants appreciated that regulators often provide templates or guidelines that simplify compliance efforts. As Informant 5, a senior accountant, stated, "It's reassuring to know that our reports are automatically compliant with the latest standards." These insights collectively underscore the perceived effectiveness of XBRL in improving the accuracy, consistency, and regulatory alignment of financial reporting.

4.2 Challenges of XBRL Adoption

The steep learning curve associated with understanding XBRL taxonomy and navigating the required software tools emerged as a recurring concern among participants. Many found the initial experience of using XBRL systems to be daunting and unintuitive. "The first time I

opened the software, it was overwhelming. I had no idea where to start," admitted Informant 1, reflecting a common sentiment among those new to the technology. Even with some training, challenges persisted, as Informant 3 noted, "Even after training, there are still areas I struggle with. It's not as user-friendly as I hoped." These responses suggest that while XBRL offers technical advantages, its complexity can hinder adoption without adequate support and user-friendly design.

Participants from smaller organizations also expressed concerns about the financial implications of adopting XBRL, particularly the costs associated with purchasing software licenses and conducting employee training. "Our company had to postpone the adoption because the initial investment was too high," said Informant 4, pointing to budget constraints as a significant barrier. Similarly, Informant 5 remarked, "For smaller firms, the cost-to-benefit ratio doesn't look favorable," emphasizing that limited resources make it difficult for smaller entities to justify the transition. In addition, organizational resistance, especially among older employees, was cited as another obstacle. Informant 2 revealed, "Some of my colleagues refuse to use the system because they're more comfortable with Excel," while Informant 3 echoed this sentiment, stating, "Change is hard, especially for those who've been using the same methods for decades." These findings highlight the importance of addressing both financial and cultural challenges to facilitate broader XBRL adoption.

4.3 Organizational Impact

Participants emphasized the long-term benefits of XBRL in enhancing transparency and facilitating better decision-making. However, they stressed the need for management support and proper infrastructure for successful implementation. "The potential is huge, but we need the leadership to back it up. Without their support, the adoption process will stagnate," observed Informant 5.

DISCUSSION

The findings of this study agree with previous studies that emphasize various benefits of implementing XBRL, primarily enhancing the efficiency of reporting, accuracy of data, and facilitating improved regulatory compliance [19], [20]. The ability of XBRL to mitigate financial reporting inefficiencies and minimize human mistakes through automation has been widely known, not only in the literature but also by the players in this study. The study also affirms recurring issues such as technical sophistication, steepness of their learning curves, and resistance to technology at the organizational level, which have also been indicated in earlier research [21], [22]. These challenges can slow the pace of adoption and limit the potential of XBRL to be fully achieved, especially in the absence of adequate training and change management initiatives.

This study also recognizes the significant role individual perceptions—finance managers' and accountants' perceptions, specifically—must play in the successful implementation and utilization of XBRL systems. As the primary users and decision-makers of financial reporting, their disposition toward it, awareness of the technology, and willingness to new change significantly influence the results of implementation. If experts perceive XBRL as something value-adding, effort-saving, and accuracy-enhancing, they will probably adopt it. Nevertheless, if they perceive it as too complicated or effort-consuming, it may instill reluctance or even resistance. Therefore, it is important to understand and counter such perceptions to facilitate smoother transitions and improve the returns of XBRL adoption by organizations.

In addition, the current study provides important insights pertaining to the Indonesian context, where many organizations—particularly small and medium enterprises—have limited resources and varying levels of technological readiness. These conditions are significant inhibitors of widespread XBRL use, and thus, problems of

XBRL adoption in emerging economies are distinct from those in advanced economies. The findings suggest that tailored steps need to be taken to conquer the local challenges, i.e., subsidized training initiatives, government incentives to computer hardware buying, and development of usable tools addressed to the forte of small enterprises. Industry specialists and policymakers could support a stronger and more integrated effort to simplify financial reporting with the help of XBRL if they comprehend and harness the distinctive socio-economic and technological context of Indonesia.

Practice Implications

Based on findings, the following are some practical implications:

1) Organizations should invest in training programs to obtain employees' technical skills and experience with XBRL.
2) Regulators should provide clear guidelines and resources to aid transition into XBRL.
3) Small organizations might be helped through financial support or collaborative efforts to assist in offsetting adoption costs.

5. CONCLUSION

This study emphasizes the transformative power of XBRL in enhancing financial reporting, principally through its ability to enhance efficiency, enhance accuracy, and enable more effective regulatory compliance. The standardization and mechanization elements of XBRL offer clear advantages in speeding up reporting processes and minimizing human error. However, the study also reveals that despite these benefits, there remain severe impediments—mainly with the technical complexity of XBRL systems, the expensiveness of implementation, and organizational hesitance to embrace new technologies. These obstacles have the potential to deter the universal adoption of XBRL, particularly in contexts where technological change is opposed or where skills and infrastructure are limited.

In the Indonesian context, such issues are compounded by limited resources and uneven digital readiness, particularly in the case of small and medium enterprises (SMEs). To overcome such barriers, the following practical measures are proposed in this research to bridge such challenges: offering broad access to affordable and intensive training programs to curb the learning intensity, designing accessible XBRL products and software programs, and invoking financial incentives or regulatory sponsorships to partially soften resource burdens. Furthermore, establishment of leadership commitment is essential for organizational adoption as well as to achieve successful implementation. By considering both technical and organizational factors, this research offers valuable lessons on XBRL adoption in emerging economies and makes practical suggestions to policymakers, practitioners, and scholars committed to enhancing financial reporting by digitalization.

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