

# Chapter 2

## XBRL and Smart Technologies

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### ABSTRACT

*Today, companies manage increasing amounts of data. Companies that want to manage their data better must also adapt their information and reporting system to the current scenario of intelligent technologies. The market requires companies to have a financial communication that allows immediate comparison between the efficiency of reading the data and the effectiveness of the form in which they are presented. The information that the market requires is not only quantitative and temporal, but solutions that help speed up the extrapolation of the most strategic information to support business strategies. XBRL appeared in the beginning of the 21st century, and it represents one of the most important technological innovations in financial statement. On the basis of these premises, the idea of this work was born with which the authors analyze the importance of XBRL in the accounting environment of companies. The results of the study conducted allow us to conclude that XBRL can improve the quality of information of companies and at the same time can influence the choices of stakeholders.*

### INTRODUCTION

In the current market, intangibles become the main factor for the creation of corporate value. Among intangibles, knowledge is one of the assets in which to invest in order to gain new competitive advantages. Knowledge and innovation are strategic conditions for growth but also development tools that change the way companies communicate. To manage change well, companies must meet the new and different needs of stakeholders. It is necessary to implement a financial communication that allows an immediate comparison between the efficiency of reading the data and the effectiveness of the form in which they are presented, making decisions faster. In this context, corporate communication takes on a fundamental importance within the corporate strategy.

Communication becomes the imperative of every company, it is an indispensable tool for success, useful for improving one's image and bringing real consent closer to the necessary consent. As Coccozza argues, effective communication is able to give an important added value to the work and production activities of the company, up to representing a decisive source of competitive advantage (Coccozza, 2012).

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Companies implement not only a form of information communication, but also a wider communication that provides for greater market listening. The more the company communicates well, the greater the level of interaction it establishes with the internal and external environment, with a consequent increase in corporate value. The need therefore arises to create more detailed and punctual reports that help management to reduce information asymmetries (Healy & Palepu, 2001).

Training in digital skills improves corporate communication processes. Accounting is the language of the business as a language it has to communicate business and financial information to cater the need of all group of interested parties such as management, investors, employees, customers, regulatory authorities and the public at larger interest. To communicate business and financial information there is a necessity of a standardized mode which enables the firm to disclose entire accounting information of the business.

Thus, we are witnessing the development of specific technological tools such as XBRL (eXtensible Business Reporting Language), that is, a language for the electronic communication of financial and business information in general. XBRL offers the ability to exchange financial information globally through a digitalized global standard language.

It's an advanced technology and an extension to communicate corporate reporting in a structured manner in order to be understood and received across borders. XBRL manages to capture the needs of both businesses and the market. On the one hand, it guarantees the speed, accuracy and re-processing of information concerning the company's economic-financial communication, on the other, it ensures the containment of the related costs (Fradeani, 2005). XBRL reassures financial operators about the reduction of risk of error both in the re-typing of information and in its immediate transmission. All this creates advantages for companies which will tend to simplify and streamline the exchange of economic and financial information with the market. In addition, it is important to remember the important effects on the operation and functioning of the markets where at the same time the same information is requested by different subjects who find different reports in terms of content and timing

We can say that XBRL is used in financial information communication and as one major expected value of XBRL is the reduction of information asymmetry and an improvement to the quality of information (Yoon et al., 2011). Is a modern tool for the digitalized disclosure of business and financial information. XBRL, removes almost all pitfalls of traditional format of financial reports such as paper-based, pdf, HTML, word etc., these are static in nature not enable the preparers and users to easy comparison, analysis and re-using of previous reports for the preparation of current years reports. It also helps in cost savings, maintain greater efficiency and to improved accuracy and reliability of information being communicated to all stakeholders who are having both direct and indirect interest in the business operational and financial aspects. It is already being put to practical use in a number of countries and implementations of XBRL are growing rapidly around the world. Therefore, we can conclude that XBRL is a reporting standard which helps in harmonizing accounting standards and comply with business rules set by the regulatory authorities of the country. Of course, XBRL makes it necessary to expand roles, functions and responsibilities of all company actors if the transition to XBRL documents is to take place. On the basis of these premises, the idea of the present work originates which, after a brief analysis of the literature on the subject of the XBRL language, aims to analyze the importance of its use in the accounting environment of companies and the questions to which it tries to answer through the study of the existing literature are the following: can XBRL improve the quality of the information of the enterprises? Can the use of the XBRL language influence the choices of the stakeholders?

XBRL increases the transparency of financial information and therefore achieves a standardization in the archiving and storage of data, aimed at greater comparability over time and in the space of informa-

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