

# Teaching XBRL to Graduate Business Students: A Hands-on Approach

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**Robert Pinsker**

## Abstract

EXtensible Business Reporting Language (XBRL) is a non-proprietary, computer language that has many uses. Known primarily as the Extensible Markup Language (XML) for business reporting, XBRL allows entities to report their business information (i.e., financial statements, announcements, etc.) on the Internet and communicate with other entities' computer systems regardless of the specific hardware or software used. XBRL has been named the number one technology to be aware of (Leone 2002) and is part of the application that is number one on the American Institute of Certified Public Accountants' top technologies list (Editorial Staff 2002).

XBRL is currently being piloted and used in many countries around the world. For example, under an initiative called D2A (Direct to APRA), Australian corporations are required to report pertinent information via XBRL to the Australian Prudential Regulatory Authority (APRA). In the United States, leading companies (e.g., Microsoft and Morgan Stanley) and many federal governmental agencies have begun XML or XBRL initiatives. Specifically, a recent report developed by the Joint Financial Management Improvement Program recommends that U.S. governmental agencies (including the Treasury Department and the General Accounting Office) use XBRL (Hannon 2002).

One of the intended uses of XBRL is to provide more accessible corporate information to stock market investors to support their investment decisions. MBA students have previously been used in accounting research to proxy for investors (Hunton et al. 2002; Bloomfield and Hales 2001). The MBA participants in the current paper analyzed outputs of XBRL and not XBRL itself in the experimental task. However, they needed to know what XBRL did 'behind the scenes' of the data in order to understand how the data was provided and to knowledgeably complete the questionnaire. The perceived experiential gains and student commentaries provided support for this approach. Therefore, based on the results obtained, it would appear that teaching the basic concepts involved with XBRL, before having MBA students examine a specific XBRL application, were appropriate.

In essence, the purposes of the current paper are twofold: first, to provide a guideline for teaching XBRL to graduate business students; and second, to report on an experiment based on the documented approach. XBRL use and growth worldwide is expected to be exponential in the coming years. It is up to educators to provide graduate business students with the basic knowledge and hands-on experience to ensure preparation in the increasingly global "new economy." Given the software tools that both currently and will exist in the future (specific examples to be discussed); business graduates may not need to know how to program in XBRL or other XML derivatives. However, they should know how to use the XBRL-provided data in order to be successful in their jobs, whether they are in accounting, finance, management, or information systems.

The first part of the paper presents the teaching methodology that I advocate and use in my MBA classes. The second part describes the experimental task performed by the students, as well as the statistical results and commentary received in general support of XBRL for corporate reporting.

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