

Factors Affecting the Persistence of Profit and Their Impact on the Quality of Earnings

Hari Setiyawati, Marsudi Sukmono

Abstract— One way to be able to see the company's performance is from the annual profit that the company generates. If the company has a persistent profit, it can be said that the company's performance is good. By looking at earnings persistence, stakeholders can evaluate events in previous, present and future years. Earnings with a high level of persistence are very useful for predicting future earnings. This study aims to examine the factors that influence earnings persistence and its impact on earnings quality. The population in this study are food & beverage companies listed on the Indonesia Stock Exchange. There are 16 companies that meet the criteria by using purposive sampling. The research observation period is five years so that the total research data is eighty. Earnings quality is proxied by operating cash flow ratified by the company's net profit, profit persistence is proxied by profit before tax ratified by average total assets, sales volatility is proxied by sales in a ratio of total assets, operating cash flow volatility is proxied to total operating cash flows ratioed with total assets and leverage proxied by total debt in a ratio of total assets. The results showed that sales volatility had a significant effect on earnings persistence in a positive direction, operating cash flow volatility had a significant effect on earnings persistence in a positive direction, while leverage had no effect on earnings persistence. The results of this study also show that earnings persistence has an impact on earnings quality.

Index Terms— Earnings Quality, Earnings persistence, Sales Volatility, Operating Cash Flow Volatility, Leverage

I. INTRODUCTION

In recent years, the business world is experiencing a financial crisis that has resulted in many companies going bankrupt. This situation forces the company to survive by maintaining the company's survival. Companies need funds obtained from creditors or investors to carry out the company's operational activities. To obtain these funds, it is necessary to trust creditors or investors in the company. This makes the company must show good performance to creditors or investors. The company's performance can be seen from the company's financial statements which are a form of company responsibility to parties related to the company during a certain period. One way to be able to see the company's performance can be seen from the annual profit that the company generates. If the company has a persistent profit, it can be said that the company's performance is good.

Manuscript received November 28, 2022

Hari Setiyawati, Accounting Department, Universitas Mercu Buana, Jakarta, Indonesia

Marsudi Sukmono, Accounting Department, Universitas Mercu Buana, Jakarta, Indonesia

Earnings persistence is one measure of earnings quality. Persistent earnings can be described as the sustainability of corporate profits that occur in the future which are mostly related to the company's operations, management efficiency and fundamental characteristics of the company.

Earnings persistence can also be influenced by external factors such as sales volatility. High sales volatility indicates that there is an estimation error in the value of sales so that profit persistence will be low. High profit persistence will indicate low sales volatility, so the information has a good signal.

This explanation is in line with the results of research by Kasiono & Fachrurizie (2016) which states that sales volatility affects earnings persistence. While the research conducted by Ariyanti et al. (2021) stated that sales volatility did not affect earnings persistence. Leverage is also one of the factors that affect earnings persistence. Debt is adopted from Fanani (2010), where debt is a company loan to be used as business capital, either by increasing a business or starting a business, so that the amount of debt will encourage the company to increase its business to be more advanced, in order to get a good view in the eyes of investors. or auditors. The results of research by Putri & Supadmi (2016), stated that there was a significant correlation between debt and earnings persistence. Based on the description of the background above, the formulation of the problem that can be put forward is whether sales volatility, operating cash flow volatility and leverage affect earnings persistence and whether earnings persistence has an impact on earnings quality.

II. LITERATURE REVIEW

Signaling Theory

Signaling theory or signaling theory is an action taken by the company's management that gives instructions to investors about how management views the company's prospects. This theory provides an explanation of the reasons why companies have the urge to submit or provide information related to the company's financial statements to external parties. The urge to submit or provide information related to financial statements to external parties is based on the existence of information asymmetry between company management and external parties (Bergh et al., 2014). This signal is in the form of information about what management has done to realize the owner's wishes.

Sales Volatility

According to Dechow & Dichev (2002), sales volatility is the degree of spread of sales or an index of the spread of the company's sales distribution. Sales are the most important part in generating profit from the company's operating cycle. The ability of earnings to predict future cash flows is indicated by low sales volatility. Dechow & Dichev (2002) stated that sales volatility is related to the amount of a

company's accruals which also affects the quality of its accruals. The greater the sales volatility, the lower the quality of the accruals, the lower the quality of the accruals will cause the persistence of earnings to be low. Sales volatility indicates an operating environment volatility and larger deviations from approximations and estimates also correspond to larger estimation errors and lower accrual quality (Dechow & Dichev, 2002).

Operating Cash Flow Volatility

According to Dechow and Dichev (2002), cash flow volatility is the degree of spread of cash flows or an index of the spread of the distribution of the company's cash flow distribution. In measuring earnings persistence, stable cash flow information is needed, which has a small volatility (Fanani, 2010). Cash flow volatility indicates high uncertainty in the operating environment indicated by high cash flow volatility. The higher the cash flow volatility, the lower the earnings persistence shown, because current cash flow information is difficult to predict future cash flows. Cash flow volatility indicates another measure of operating environment volatility and larger deviations from use of approximations and estimates, corresponding to larger estimation errors with lower earnings quality (Dechow and Dichev, 2002).

Leverage

Agustia and Suryani (2018), stated that leverage is a measure of how much the company is financed with debt. Meanwhile, Gibson (2009) states: "the use of debt, called leverage, can greatly affect the level and degree of change is the common earning". meaning that the use of debt is called a lever that affects the degree and level of change in stock earnings. Companies that have high leverage are dependent on external loans to finance their assets, while companies that have low leverage are more likely to finance their assets with their own capital. A good company should have a composition of capital that is greater than debt.

Earnings Persistence

According to Saptiani (2020), earnings persistence is defined as profit that can be used as a measure of profit itself. This means that current earnings can be used as an indicator of future earnings. The more persistent earnings show the more informative profits, on the other hand if the earnings are less persistent, the profits become less informative. Understanding earnings persistence according to Penman (2003), is a profit that has the ability as an indicator of future earnings generated by the company repeatedly (repetitive) in the long term (sustainable). This view is closely related to the company's performance which is manifested in the company's profit earned in the current year. Fanani (2010), states that persistently high profits are reflected in profits that can be sustainable for a long period. This is because earnings that are not too volatile are characteristics of persistent earnings and the quality of earnings reported by the company is good (Suwandika, 2013). In line with that, Celho, Aguiar, & Lopez (2019) stated: "Earnings persistence is one of the measures of earnings quality. Persistent earnings can be described as earnings that re-occur beyond the present time into the future of firms; mostly connected with the core operating activities of firms, management efficiency and firms' fundamental characteristics", meaning that earnings persistence is one measure of earnings quality. Persistent earnings can be

described as the sustainability of corporate profits that occur in the future which are mostly related to the company's operations, management efficiency and fundamental characteristics of the company.

Earnings Quality

Dechows et al. (2010) define earnings quality as follows: "Higher quality earnings provide more information about the features of a firm's financial performance that are relevant to a specific decision made by a specific decision maker". Meanwhile, Menicucci (2020) states earnings quality as follows: "The quality of earnings is usually defined in accounting studies from two different perspectives: the decision-usefulness perspectives and the economic-based perspectives. From a decision-usefulness perspective, Earning Quality is regarded as being high if the earnings numbers are useful for decision making purposes."

Earnings quality is usually defined in accounting studies from two different perspectives, namely the decision usefulness perspective and the economic-based perspective. From the perspective of decision usefulness, Earning Quality is considered high if the earnings figures are useful for decision-making purposes. There are three things to note from this definition. First, earnings quality depends on relevant information in making decisions. Second, the quality of the reported earnings amount depends on whether the information reflects the company's financial performance. The third is that the quality of earnings is jointly determined by the relevance of the performance underlying the decision and by the ability of the accounting system to measure performance (Dechows et al, 2010).

III. FRAMEWORK

Solihin et al. (2021), stated that sales volatility had a significant effect on Earnings Persistence. This is also in line with the research of Maharani & Majidah (2020) which states that sales volatility has a positive effect on earnings persistence. Sales volatility can provide information to investors about the number of sales in one period. If the sales volatility information on the company changes very significantly every period, then this can be indicated that there is an estimation error in the sales value and does not show the actual sales value. So that earnings persistence will decrease.

Regarding the effect of cash flow volatility on earnings persistence, Ariyanti et al. (2021), states that cash flow volatility has a significant positive effect on earnings persistence. Khasanah & Jasman (2019) also stated that cash flow volatility affects earnings persistence. The volatility of operating cash flows gives a signal in the form of operating cash flow conditions each period, because the cash out or inflow will affect the company's profit. If there is a significant change in a short time in the value of the company's operating cash flows, it can be an indication that an error has occurred in the recording. The information provided is a bad signal because operating cash flows do not reflect the real situation. Then this will affect the persistence of company profits.

Earnings persistence can also be influenced by debt levels, as stated by Abbas & Hidayat (2020) namely that debt levels have a significant positive effect on earnings persistence. Putri, Khairunnisa & Kurnia (2017), in their research also

states that the level of debt has a significant positive effect on earnings persistence. This is in line with research (Putri & Supadmi, 2016), which states that the level of debt has a significant effect on earnings persistence. Debt requires the company to pay interest according to a predetermined tempo. The company will fail if it is unable to pay off the debt until the specified maturity date. So that the company will increase its earnings persistence in order to maintain its performance and pay off its debts. Good performance is expected by creditors, so that trust in the company is maintained in terms of lending funds.

Earning persistence can also have an impact on earnings quality, as stated by As'ad, Ulupui & Utamingtyas (2021), namely that earnings persistence has a positive effect on earnings quality. Arisanti (2019), in his research also states that earnings persistence has an impact on the company's earnings quality. This is in line with the research of Malahayati, et al (2015), which states that earnings persistence has a positive effect on earnings quality. The more persistent the company's earnings, the higher the quality of earnings. Earning persistence indicates that the company is able to reflect the sustainability of earnings in the future. Earnings persistence is also often used as a measure of earnings quality. Based on the description above, the relationship between all concepts can be seen in the following figure:

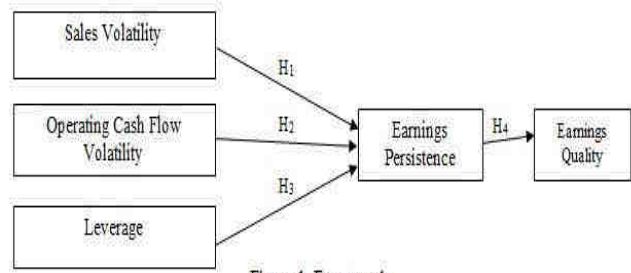


Figure 1. Framework

HYPOTHESIS

Based on the description of the framework of thought above, the hypothesis statement is determined as follows:

- H1: Sales volatility has a positive effect on earnings persistence.
- H2: Operational cash flow volatility has a positive effect on earnings persistence.
- H3: Leverage has a positive effect on earnings persistence.
- H4: Earning persistence has an impact on earnings quality

IV. METHODS

This research is a causal research that looks for the cause and effect of sales volatility, operating cash flow volatility, leverage, earnings persistence and earnings quality. The population of this study are food & beverage companies listed on the Indonesia Stock Exchange. Purposive sampling was used to determine the research sample, which amounted to 16 companies with an observation period of 5 years. The data were analyzed using a regression model, Common Effect Model (Pooled Least Square Model), Fixed Effect Model, Random Effect Model and processed using Eviews 10. The following table shows the operationalization of the variables:

Table 1. Variable Operations

Variable	Indicator	Scale
Earnings Quality (Z) (Tanjung, 2019)	EQ = $\frac{\text{Operating Cash Flow}}{\text{Net Income}}$	Ratio
Earnings Persistence (Y) (Abbas & Hidayat, 2020)	EP = $\frac{\text{Income Before Tax } t+1}{\text{Average Total Assets}}$	Ratio
Sales Volatility (X ₁) (Saptiani, 2020)	SV = $\frac{\sigma(\text{Sales for 5 Years})}{\text{Total Assets } i}$	Ratio
Operating Cash Flow Volatility (X ₂) (Putri, 2017)	OCFV = $\frac{\text{Total Operating Cash Flow}}{\text{Total Assets}}$	Ratio
Leverage (X ₃) (Putri, 2017)	DAR = $\frac{\text{Total Debt}}{\text{Total Assets}}$	Ratio

RESULTS AND DISCUSSION

Results

The following is a descriptive statistical table derived from the results of data processing:

Table 2 Descriptive Statistics Test Results

Factors Affecting the Persistence of Profit and Their Impact on the Quality of Earnings

	Sales Volatility	Operating Cash Flow Volatility	Leverage	Earnings Persistence	Earnings Quality
Mean	1.125000	0.153125	0.449625	0.143000	1.630500
Maximum	3.100000	0.550000	6.000000	0.740000	7.790000
Minimum	0.000000	0.000000	0.120000	0.000000	0.080000

Source: Data processed with Eviews 10, 2022

Sales Volatility (X1) in table 1 has a minimum value of 0%, while the maximum value is 310 %, with an average value of 112.5 %. Operating Cash Flow Volatility (X2) has a minimum value of 0%, while the maximum value is 55%, with an average value of 15.3125 %. Leverage (X3) has a minimum value of 12%, while the maximum value is 600%, with an average value of 44.9625 %. Earnings Persistence (Y) has a minimum value of 0%, while the maximum value is 74%, with an average value of 14.3%. Earnings Quality (Z) has a minimum value of 8%, while the maximum value is 779%, with an average value of 163.05 %.

Selection of Panel Data Regression Model is presented in the following table:

Table 3CEM Test Results (*Common Effect Model*)

Variable	Coefficient
C	-0.052110
Sales Volatility	0.041547
Operating Cash Flow Volatility	0.922278
Leverage	0.015893
R-Squared	0.646264

Source: Data processed with Eviews 10, 2022

Based on the common effect model above, it is found that the coefficient value on Sales Volatility (X1) = 0.041547, Operating Cash Flow Volatility (X2) = 0.922278 and Leverage (X3) = 0.015893, with an R-squared of 0.646264. The following are the results of the Fixed Effect Model test:

Table 4 FEM Test Results (*Fixed Effect Model*)

Variable	Prob.
C	0.0394
Sales Volatility	0.0006
Operating Cash Flow Volatility	0.0001
Leverage	0.3682
R-Squared	0.834332
F-Statistic	17.06696
Prob(F-Statistic)	0.000000

Source: Data processed with Eviews 10, 2022

Based on the fixed effect model, it can be seen from the probability which shows that the three variables, namely Sales Volatility (X1) with a value of 0.0006, Operating Cash Flow Volatility (X2) with a value of 0.0001, show significant results because < 0.05 and Leverage (X3) with a value of 0.3682 does not show a significant result because > 0.05 . R-Squared shows a value of 0.834332, while the F-Statistic value is 17,06696 and Prob (F-Statistic) is 0.000000 which means that the model is very significant. Furthermore, the results of the Chow test can be seen in the table below:

Table 5 Chow Test Results

Effects Test	Statistic	D.F.	Prob.
Cross-Section F	4.616506	(15,61)	0.0000
Cross-Section Chi-Square	60.685061	15	0.0000

Source: Data processed with Eviews 10, 2022

Based on the table above, Cross-Section F and Cross-Section Chi-Square show a probability level of 0.0000 where the value is < 0.05 , which means that hypothesis testing refuses to use the Common Effect Model, so the test is more appropriate to do with the Fixed Effect Model. The results of the Random Effect Model Test can be seen below:

Table 6 REM Test Results (*Random Effect Model*)

Variable	Prob.
----------	-------

C	0.0973
Sales Volatility	0.0033
Operating Cash Flow Volatility	0.0000
Leverage	0.2347
R-Squared	0.470131
F-Statistic	22.47727
Prob(F-Statistic)	0.000000

Source: Data processed with Eviews 10, 2022

From table 6 above, the random effect model shows that the probability of the variables, namely Sales Volatility (X1) of 0.0033, Operating Cash Flow Volatility (X2) of 0.0000 shows significant results because < 0.05 and Leverage (X3) of 0.2347 does not show significant results. because > 0.05 . The R-Squared shows 0.470131 and the F-Statistic is 22,47727 and the Prob (F-statistic) is 0.000000, which means the data is very significant.

Below are the Hausman test results:

Table 7 Hausman Test Results

Test Summary	Chi-Sq. Statistic	Chi-Sq. D.F.	Prob.
Cross-Section Random	10.720076	3	0.0133

Source: Data processed with Eviews 10, 2022

Based on the table above, Cross-Section Random shows a probability level of 0.0133 where the value is < 0.05 , which means that the hypothesis testing refuses to use the Random Effect Model, so the test is more appropriate to do with the Fixed Effect Model.

The Eviews 10 statistical method does not require a normality test, if in determining the selected model is the Random Effect Model then the classical assumption test is ignored and if the model chosen is the Common Effect Model or Fixed Effect Model then the assumption tests carried out are:

Table 8 Multicollinearity Test Results

	Volatilitas Penjualan	Volatilitas Arus Kas Operasi	Leverage
Sales Volatility	1.000000	0.051708	-0.061525
Operating Cash Flow Volatility	0.051708	1.000000	-0.139331
Leverage	-0.061525	-0.139331	1.000000

Source: Data processed with Eviews 10, 2022

Multicollinearity test results in table 8 above are less than 0.8, this means that there is no multicollinearity. The following are the results of the heteroscedasticity test.

Table 9 Heteroscedasticity Test Results

Variable	Prob.
C	0.0009
Sales Volatility	0.1770
Operating Cash Flow Volatility	0.1083
Leverage	0.2413

Source: Data processed with Eviews 10, 2022

The results of the heteroscedasticity test as in the table above are for Sales Volatility (X1) with a probability of 0.1770, Operating Cash Flow Volatility (X2) with a probability of 0.1083 and Leverage (X3) with a probability of 0.2413 is > 0.05 , then the regression model does not have heteroscedasticity.

The results of the Coefficient of Determination Based on the Fixed Effect Estimate model can be seen in the following table:

Table 10 Regression Line Feasibility Test Results (R-squared)

R-squared	0.834332
Adjusted R-squared	0.785446
S.E. of regression	0.060616
Sum squared resid	0.224130
Log likelihood	121.5872
F-statistic	17.06696
Prob(F-statistic)	0.000000

Source: Data processed with Eviews 10, 2022

Factors Affecting the Persistence of Profit and Their Impact on the Quality of Earnings

In table 10 it can be seen that the R-Squared estimation result is 0.834332. This shows that the independent variables X1 and X2 contribute to the influence of the dependent variable Y by 83.43%, where the contribution is in a very strong relationship level. Here are the F Test Results Based on Fixed Effect Model Estimation:

Table 11 Model Feasibility Test Results (F Test)

R-squared	0.834332	Mean dependent var	0.143000
Adjusted R-squared	0.785446	S.D. dependent var	0.130863
S.E. of regression	0.060616	Akaike info criterion	-2.564680
Sum squared resid	0.224130	Schwarz criterion	-1.998949
Log likelihood	121.5872	Hannan-Quinn criter	-2.337863
F-statistic	17.06696	Durbin-Watson stat	1.718851
Prob(F-statistic)	0.000000		

Source: Data processed with Eviews 10, 2022

Table 11 shows the estimation result of Prob(F-statistic) is 0.000000. This shows that the independent variable is appropriate in explaining the dependent variable because the significant value of $F < 0.05$, so that the regression model suitability test to determine the results of the research model is feasible.

The results of the T-Test based on the Fixed Effect Model Estimation for the Independent Variables are shown below:

Table 12 Independent Variable Significance Test Results (T Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.098423	0.046747	-2.105447	0.0394
Sales Volatility	0.135204	0.037331	3.621741	0.0006
Operating Cash Flow Volatility	0.551470	0.127430	4.327643	0.0001
Leverage	0.010842	0.011958	0.906625	0.3682

Source: Data processed with Eviews 10, 2022

Table 12 shows that the population regression coefficient of -0.098423 is not equal to 0, which means that the independent variable has a significant effect on the dependent variable. Sales Volatility (X1) variable with probability value of 0.0006 and Operating Cash Flow Volatility (X2) with probability value of 0.0001 and t-Statistic (X1) of 3.621741 and t-Statistic (X2) of 4.327643, then the variables (X1) and (X2) has a positive effect on the Profit Persistence variable (Y), but the Leverage variable (X3) with a probability value of 0.3682 and a t-Statistic of 0.906625, has no effect on the Earning Persistence variable (Y).

The results of the T-Test based on the Fixed Effect Model Estimation for the Dependent Variable are shown as follows:

Table 13 Dependent Variable Significance Test Results (T Test)

Variable	Coefficient	T-Statistic	Prob.
C	2.140471	8.336061	0.0000
Earnings Persistence	-3.566229	-2.188249	0.0324

Source: Data processed with Eviews 10, 2022

Table 13 shows that the results of the t-Statistic for the Profit Persistence variable (Y) are -2.188249 and the significance value is 0.0324 where < 0.05 . This means that the Earnings Persistence variable (Y) has an impact on the Earning Quality variable (Z).

DISCUSSION

Effect of Sales Volatility on Profit Persistence

Sales volatility has a significant positive effect on earnings persistence. The higher the volatility, the higher the risk that creates uncertainty in the company's profit situation in the future. These conditions indicate that if sales volatility changes significantly, it will affect earnings persistence. The high level of sales reflects the company's performance in marketing and selling products or services is also high. Investors prefer sales levels that are relatively stable or have low volatility. Low sales volatility will affect company profits

where low sales volatility will be able to show high profit ability in predicting cash flow generated from sales in the future so that the profits generated are more persistent. This study is in line with the results of research by Kasiono & Fachrurizie (2016) which states that sales volatility affects earnings persistence. This shows that the higher sales volatility will have an impact on the lower the company's chances of obtaining profit persistence in the future. However, this study is not in line with the research conducted by Ariyanti et al. (2021) which states that sales volatility does not affect earnings persistence.

Effect of Operating Cash Flow Volatility on Earning Persistence

Operating cash flow volatility has a significant positive effect on earnings persistence. Cash flow volatility indicates high uncertainty in the operating environment indicated by high

cash flow volatility. If cash flows fluctuate sharply, earnings persistence will be lower (Dechow and Dichev, 2002). These conditions indicate that if the volatility of operating cash flows experiences a significant change, it will affect the persistence of earnings. In a business activity, cash flows will show different numbers each period, but these numbers cannot be far apart in a short period. If there is an event where the operating cash flow of a company changes drastically in a short time continuously, then this can be an indication that the cash flow does not reflect the actual operating conditions. This will also have an impact on the company's profit, which means that the company's profit also does not show the actual situation and cannot be used as a basis for predicting the company's profit in the future period. It can be observed that if there is high uncertainty in the operating environment, the volatility of operating cash flows will show a high level as well. With high uncertainty and causing high cash flow volatility, the persistence of earnings will be lower or the accuracy of earnings will be increasingly questioned. This study is in line with the results of research by Kusuma (2014) which states that there is a significant correlation between the volatility of operating cash flows and earnings persistence.

Effect of Leverage on Profit Persistence

Leverage has no effect on earnings persistence. This condition shows that when leverage increases or decreases, it will not affect earnings persistence. These results are in line with research conducted by As'ad, Ulupui & Utamingtyas (2021) which states that leverage has a negative effect on earnings persistence, while research conducted by Putri & Supadmi (2016), states that there is a significant correlation between debt and earnings persistence.

Pengaruh *Leverage* terhadap Persistensi Laba

Impact of Earnings Persistence on Earnings Quality

Earning persistence has an impact on earnings quality. These conditions indicate that when earnings persistence changes it will have an impact on earnings quality. Earnings persistence affects earnings quality, this is because persistent earnings are preferred by investors because investors generally assess the company's performance based on its growth through historical information on company profits, so investors are able to estimate next year's profit by using this year's earnings information. This indicates that the company is able to manage its profits. This study is in line with the results of research by As'ad, Ulupui, Utamingtyas (2021) which states that earnings persistence has a positive effect on earnings quality, while research conducted by Arisanti (2019) partially shows that earnings persistence variables have no effect on earnings quality.

CONCLUSION AND SUGGESTIONS

Conclusion

The conclusions of this study are: (1) Sales volatility has a significant positive effect on earnings persistence. The higher the volatility, the higher the risk that creates uncertainty in the company's profit situation in the future. These conditions indicate that if sales volatility changes significantly, it will affect earnings persistence. (2) Operational cash flow volatility has a significant positive effect on earnings persistence. Cash flow volatility indicates high uncertainty in the operating environment indicated by high cash flow

volatility. (3) Leverage has no effect on earnings persistence. This condition shows that when leverage increases or decreases, it will not affect earnings persistence. (4) Earnings persistence has an impact on earnings quality. These conditions indicate that when earnings persistence changes it will have an impact on earnings quality.

SUGGESTION

Based on the conclusions above, some suggestions can be given as follows:

(1) For food & beverage companies listed on the Indonesia Stock Exchange, it is better to pay attention to the level of sales, where in 2019 and 2020 there was a significant decline compared to sales in 2016 – 2018. As a result of this condition, the volatility of sales is getting higher so that will affect earnings persistence. In the period of the following years, these companies must increase stable sales in order to maintain volatility and create certainty in the company's profit situation in the future. (2) Future researchers are expected to add other independent variables that are indicated to have an effect on earnings persistence, such as funding cash flows and investment cash flows. (3) For potential investors to pay more attention to the persistent profit factor in order to predict the earnings quality of a company to avoid losses.

REFERENCE

- [1] Abbas, D. S., & Hidayat, I. (2020). Persistensi Laba Perusahaan Manufaktur Sektor Industri Barang Konsumsi: Beserta Faktornya. *Jurnal Neraca: Jurnal Pendidikan Dan Ilmu Ekonomi Akuntansi*, 4(2), 200.
- [2] Agustia, Y. P., & Suryani, E. (2018). Pengaruh Ukuran Perusahaan, Umur Perusahaan, Leverage, Dan Profitabilitas Terhadap Manajemen Laba (Studi Pada Perusahaan Pertambangan yang Terdaftar di Bursa Efek Indonesia Periode 2014-2016). *Jurnal Aset (Akuntansi Riset)*, 10 (1), 2018, 63-74, 10(1), 71–82.
- [3] Arisanti, I. (2019). Analysis on earnings persistence, independent commissioner and herding behavior on earnings quality. *Journal of Accounting and Business Education (JABE)*, 3(2), 151-161.
- [4] Ariyanti, D. , E. H. N. L. , & N. R. (2021). Determinasi Persistensi Laba pada Perusahaan di Indonesia. *Konferensi Riset Nasional Ekonomi Manajemen Dan Akuntansi*, 2(1), 1014–1032.
- [5] As'ad, I. F., Ulupui, I. G. K. A., & Utamingtyas, T. H. (2021). Pengaruh Leverage dan Arus Kas Operasi terhadap Kualitas Laba Melalui Persistensi Laba. *Jurnal Akuntansi , Perpajakan Dan Auditing*, 2(2), 295–317.
- [6] Bergh, D. D., Connelly, B. L., Ketchen, D. J., & Shannon, L. M. (2014). Signalling theory and equilibrium in strategic management research: An assessment and a research agenda. *Journal of Management Studies*, 51(8), 1334–1360.
- [7] Coelho, A. C. , A. A. B. D. , & L. A. B. (2011). Relationship between abnormal earnings persistence, industry structure, and market share in Brazilian public firms. *BAR-Brazilian Administration Review*, 8(1), 48–67.
- [8] Dechow, P. M., & Dichev, I. D (2002). The Quality of Accruals and Earnings: The Role of Accrual Estimation Errors. *The Accounting Review*, 77(Supplement), 35–59.
- [9] Dechow, Patricia M., Schrand, Catherine M., dan Ge, Weili (2010). Understanding Earnings Quality: A Review of The Proxies, Their Determinants and Their Consequences. *Journal of Accounting and Economics*. No.50, Hal 344-401.

- [10] Fanani, Z. (2010). Analisis Faktor-Faktor Penentu Persistensi Laba. *Jurnal Akuntansi Dan Keuangan Indonesia*, 7(1), 109–123.
- [11] Ghozali, I. , & R. D. (2017). *Analisis Multivariate dan Ekonometrika dengan Eviews 10*. Badan Penerbit Universitas Diponegoro - Semarang.
- [12] Gibson, Charles H. 2009. *Financial Reporting And Analysis* (11th edition). USA: Natorp Boulevard.
- [14] Kasiono, D. , & Fachrurizie. (2016). Determinan Persistensi Laba Pada Perusahaan Manufaktur Yang Terdaftar Di Bei. *Accounting Analysis Journal*, 5(1), 1–8.
- [15] Khasanah, A. U., & Jasman. (2019). Faktor-Faktor Yang Mempengaruhi Persistensi Laba. *Jurnal Bisnis Dan Akuntansi*, 3, 66–74.
- [16] Kusuma, B. dan R. A. S. (2014). Analisa Pengaruh Volatilitas Arus Kas, Volatilitas Penjualan, Tingkat Hutang, Book Tax Gap, dan Tata Kelola Perusahaan Terhadap Persistensi Laba. *Tax & Accounting Review*, Vol. 4.
- [17] Malahayati, R. , A. M. , & B. H. (2015). Pengaruh Ukuran Perusahaan dan Financial Leverage Terhadap Persistensi Laba, dan Dampaknya Terhadap Kualitas Laba. *Jurnal Administrasi Akuntansi: Program Pascasarjana Unsyiah*, 4(4)(Studi pada Perusahaan yang Terdaftar di Jakarta Islamic Index).
- [18] Maharani Auliana, N., & Majidah. (2020). Persistensi Laba: Volatilitas Arus Kas, Volatilitas Penjualan dan Keandalan Akrua (Studi Empiris pada Perusahaan Sektor Properti, Real Estate, dan Konstruksi Bangunan yang Terdaftar di Bursa Efek Indonesia Periode 2014-2018). *E-Proceeding of Management*, 7(2), 3315–3322.
- [19] Menicucci, E. (2019). Earnings quality: Definitions, measures, and financial reporting. *Springer Nature*.
- [20] Penman, S. (2003) The Quality of Financial Statements: Perspectives from the Recent Stock Market Bubble. *Accounting Horizons*, 17, 77-96.
- [21] Putri Renalita Sutra Tanjung. (2019). Pengaruh, Debt To Equity Ratio, Likuiditas Dan Investment Opportunity Set (IOS) Terhadap Kualitas Laba. *Jurnal Ekonomi Dan Publik*, 15 No. 2(1693–9549), 119–130.
- [22] Putri, A. . A. G. , & Supadmi. N. L. (2016). Pengaruh Tingkat Hutang Dan Kepemilikan Manajerial Terhadap Persistensi Laba Pada Perusahaan Manufaktur. *E-Jurnal Akuntansi Universitas Udayana*, 15(2), 915–942.
- [23] Putri, S. A. , & K. K. (2017). Aliran Kas Operasi, Book Tax Differences, Dan Tingkat Hutang Terhadap Persistensi Laba. *Jurnal Riset Akuntansi Kontemporer (JRAK)*, 9(1).
- [24] Rista Bintara. (2020). The Effect of Working Capital, Liquidity and Leverage on Profitability. *Saudi Journal of Economics and Finance*, ISSN 2523-9414.
- [25] Saptiani, A. D. , & F. Z. (2020). Pengaruh Volatilitas Penjualan, Volatilitas Arus Kas Operasi, Dan Hutang Terhadap Persistensi Laba. *Jurnal ASET (Akuntansi Riset)*, 12(1), 201–211.
- [26] Solihin, I., Nurhadi, Suandan, E., & Susanto, H. (2021). Pengaruh volatilitas penjualan, siklus operasi dan arus kas operasi terhadap earnings persistence dengan ukuran perusahaan sebagai variabel moderasi. *HUMANIS (Humanities, Management and Science Proceedings)*, 01(2), 522–535.
- [27] Sulastri, D. A. (2014). Pengaruh Volatilitas Arus Kas, Volatilitas Penjualan, Besaran Akrua Dan Tingkat Hutang Terhadap Persistensi Laba (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2009-2012). *Jurnal Akuntansi*, 2(3), 18893.
- [28] Suwandika, I. M. A., & Astika, I. B. P. (2013). Pengaruh Perbedaan Laba Akuntansi, Laba Fiskal dan Tingkat Hutang Pada Persistensi Laba. *E-Jurnal Akuntansi Universitas Udayana*, 5(1), 196–214.