



## The Influence of *Book Tax Differences*, Cash Flow Volatility, Managerial Ownership, Amount of Accruals and Company Size on Profit Persistence (Case Study of Consumer Services Sub-Sector Companies Listed on the Indonesian Stock Exchange in 2017 - 2021)

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### ABSTRACT

*The purpose of this study was to determine the effect of Book Differences, Cash Flow Volatility, Managerial Ownership, and Amount of Company Size Accruals on Earnings Persistence. The methods used in this research are descriptive and verification. The population in this research is the financial reports of consumer services sub-sector companies listed on the Indonesia Stock Exchange for 2017-2021, namely 40 research companies. The sampling technique in this study used purposive sampling and obtained a sample of 21 companies. A statistic used is panel data regression, while the hypothesis test uses the f-test and t-test. Based on the simultaneous test results of Book Tax Differences Cash Flow Volatility, Managerial Ownership, Accrual Amounts, and Uk have a simultaneous effect on earnings persistence, and based on the partial test of Tax Differences, Cash Flow Volatility, Managerial Ownership, Al Amounts and Sizes have a positive and significant effect on earnings persistence.*

## INTRODUCTION

Indonesia was faced with the national disaster of the Covid 19 pandemic which occurred at the end of 2019. The spread of Covid 19 was recorded to be so fast that it was suspected that it would not only attack health, but also the global economy. The policy of limiting community mobility implemented by almost all countries in the world has resulted in a decline in global economic activity, including Indonesia (Nasution et al., 2020).

This pandemic has had a very broad impact on various sectors of life and public services. In the economic sector, there was a very drastic decline in activities in the production of goods

and services, layoffs, and difficulty in getting work. All of these problems certainly hinder economic growth.

The public sector in central and regional organizations, including companies involved and under the government, are directly faced with complex problems as a result of the pandemic and the *New Normal era*, so service functions including administration, order, education, health, and other sectors experience disruption. (Syamsul Bahri, 2020). At PT MNC Land Tbk (KPIG), for example, in the disclosure of information on the Indonesia Stock Exchange (BEI), Land management explained that there was also an impact on the company's financial performance, including predictions of the company's revenue and net profit, where during the pandemic there was a temporary decrease in revenue of around 25%. to predict net profit will fall by 75%.

In fact, high earnings quality can be the center of attention for users of financial reports. Users of financial reports will usually invest their funds more in companies that have stable financial reports and experience increasing profits from previous years. Financial reports are formed based on management's responsibility for the performance of the company. Financial reports consist of financial position reports, profit and loss reports, changes in equity reports and cash flow reports which aim to provide information for internal company parties and investors that can be used as material for consideration in making a decision.

Because of the importance of the quality of financial reports for information users, Financial Accounting Standards (SAK) were created which regulate and contain standards in preparing financial reports. At PT MNC Land Tbk (KPIG), for example, in the disclosure of information on the Indonesia Stock Exchange (BEI), Land management explained that there was also an impact on the company's financial performance, including predictions of the company's revenue and net profit, where during the pandemic there was a temporary decrease in revenue of around 25%. to predict net profit will fall by 75%.

In fact, high earnings quality can be the center of attention for users of financial reports. Users of financial reports will usually invest their funds more in companies that have stable financial reports and experience increasing profits from previous years. Financial reports are formed based on management's responsibility for its performance in running a company. Financial reports consist of a financial position report, profit and loss report, change in equity report, and cash flow report which aims to provide information for internal company parties and investors which can be used as consideration in making decisions. Because of the importance of the quality of financial reports for information users, Financial Accounting Standards (SAK) were created which regulate and contain standards in preparing financial reports. company in maintaining its profits in the future. Because the financial reports are no longer accurate and reliable, causing profits to be inconsistent.

According to (Hamzah et al., 2023; E. Nurhayati et al., 2023; Pratomo & Nuraulia, 2021) earnings persistence is important because the more persistent a company's profits are,

the more investors will be able to predict future profits. If a company has persistent profits, it will be assumed that the company is attractive to investors because it has profit predictions that will make the company's profits clear or at least can be anticipated. Meanwhile, other researchers state that persistent profit is profit that has the ability to act as an indicator of future earnings *generated* by the company repeatedly in the long term (sustainable).

In this research, profit persistence is measured using profit before tax for the current year ( $PTB1_t$ ), compared to profit before tax for the previous year ( $PTB1_{t-1}$ ) divided by total assets for the current year. The equation for measuring profit persistence refers to research conducted by (Salsabila S et al., 2017). According to (Scott, 2009) research (Hasanah et al., 2020; Saptiani & Fakhroni, 2020) states that the profit persistence category is if the profit persistence is  $> 1$ , this shows that the company's profit is highly persistent and if the profit persistence is 0 to 1, this shows that the profit the company is persistent. On the other hand, profit persistence  $< 0$  means that profit is not persistent. Below is data on profit persistence values from consumer services sub-sector companies for 2017-2021.

**Table 1.** Value of Company Profit Persistence in the Consumer Services Sub Sector 2017-2021

NO	CODE	YEAR					AVERAGE	KET
		2017	2018	2019	2020	2021		
1	AKKU	-0.0355	0.0085	-0.1648	0.2136	-0.1544	-0.0265	T.P
2	ARTA	0.0221	-0.0102	-0.0164	-0.0273	-0.7786	-0.1621	T.P
3	BAYU	-0.0037	-0.0022	-0.0006	0.0148	0.0015	0.0020	P
4	BLTZ	8.8728	0.0184	0.0331	-0.2662	0.0738	1.7464	P
5	BALL	-	0.0547	0.0013	-0.0198	0.0039	0.0101	P
6	BUVA	-0.0137	0.0148	-0.2867	-0.0028	0.4446	0.0312	P
7	CLAY	-	0.0176	0.0074	-0.1339	0.0266	-0.0206	T.P
8	CSMI	-	-	0.0040	0.0913	-0.1270	-0.0106	T.P
9	DFAM	0.0830	0.0388	0.0213	-0.0887	0.0000	0.0109	P
10	EAST		0.00885	0.0328	-0.0297	0.0386	0.0126	P
11	ESTA	-	-	-	-	0.0070	0.0070	P
12	FAST	-0.0224	0.0383	0.0090	-0.2067	0.0000	-0.0364	T.P
13	FITT	-	-	-0.0489	-0.0927	0.0489	-0.0309	T.P
14	HOTL	0.0231	-0.0203	-0.0276	-	-	-0.0083	T.P
15	HRME	-0.0380	-0.0289	-0.0090	-0.0279	-0.0036	-0.0215	T.P
16	IDEA	-	-	-	-	0.0134	0.0134	P
17	IKAI	0.4032	0.0922	-0.1046	-0.0034	0.0167	0.0808	P
18	JGLE	0.0145	-0.0077	-0.0278	0.0055	0.0055	-0.0020	T.P
19	JHHD	0.0116	-0.0051	-0.0030	-0.0347	-0.0085	-0.0079	T.P
20	JSPT	0.0015	0.0547	-0.0632	-0.0690	-0.0146	-0.0181	T.P
21	KPIG	-0.0313	-0.0350	-0.0144	-0.0008	-0.0034	-0.0170	T.P
22	MABA	-0.0469	-0.0234	0.0171	-	-	-0.0177	T.P
23	MAMI	0.0035	-0.0149	-0.0023	-	-0.0259	-0.0099	T.P

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24	MAPB	-0.0148	0.0213	0.0289	-0.1784	0.0892	-0.0108	T.P
25	MINA	0.0317	0.0088	-0.0091	-0.0949	0.0492	-0.0029	T.P
26	Nato	-	0.0083	-0.0006	0.0006	-0.0067	0.0004	P
27	PANR	0.01561	-	0.0006	-0.0143	-0.0778	-0.0240	T.P
28	PDES	0.0076	-0.0758	-0.0504	-0.2613	0.0986	-0.0563	T.P
29	PGLI	0.0205	0.0618	0.0079	-0.1648	0.1793	0.0209	P
30	PJAA	0.0241	0.0018	0.0033	-0.0887	0.0288	-0.0061	T.P
31	PNSE	0.0519	-0.0797	-0.0092	-0.0960	0.0191	-0.0228	T.P
32	PSKT	0.0415	0.0261	0.1395	-0.0258	0.0270	0.0417	P
33	PTSP	0.0187	0.0446	0.0305	-0.2380	0.1184	-0.0052	T.P
34	PZZA	0.1268	0.0210	0.0174	-0.1617	0.0630	0.0133	P
35	RISE	-	0.0389	-0.0360	-0.0194	0.0303	0.0034	P
36	SHID	0.0011	-0.0004	-0.0096	-0.0278	0.0071	-0.0059	T.P
37	SLNK	-	-	-	0.1333	-0.1742	-0.0205	T.P
38	SOTS	-	-0.0577	-0.0099	-0.0672	0.0101	-0.0312	T.P
39	MONEY	-	-	-	-0.0916	-0.0467	-0.0691	T.P
40	YELO	-	0.0455	-0.0241	-0.9234	0.2141	-0.1720	T.P
<b>AVERAGE</b>		<b>0.3544</b>	<b>0.0065</b>	<b>-0.0157</b>	<b>-0.0857</b>	<b>0.0051</b>		

## **INDUSTRY**

*Source: Data obtained by researchers*

Information :

PT = High Persistent, P = Persistent, TP = Not Persistent

Based on the table above, it can be seen from the overall data of 40 companies in the consumer services sub-sector, where 14 companies experienced persistent profits while 26 other companies or 65% of the total data experienced profits that were not optimal or persistent.

The non-optimal persistence of a company's profits is caused by several factors. Factors that can influence profit persistence include *book tax difference*, leverage and company size. This statement was revealed by (Nurfatimah & Barokah, 2017; Santy et al., 2017a; Susanto, 2022), apart from that, Zainuddin & Anfas, (2022) also revealed corporate governance, ownership structure and cash flow volatility. can affect profit persistence. *Book tax differences* are the first factor that can influence profit persistence. According to (Salsabila et al, 2016) *book tax differences* are a comparison of the amount of accounting or commercial profit with fiscal profit or taxable income. This is due to the comparison between Financial Accounting Standards (SAK) and tax laws and regulations. Indonesian tax regulations require fiscal profit to be calculated using the accounting method which is the basis for the calculation Accounting profit is an accrual method. With this calculation, the company does not need to make double bookkeeping.

*Book tax differences* can affect profit persistence because the tax that must be paid comes from calculating the progressive rate of income tax from fiscal profits as taxable income (PhKP). The effect of *book tax differences* on profit persistence is proven by research

conducted by (Annisa & Kurniasih, 2017; Fatmasari et al., 2022; Hamzah & Sukma, 2021) which states that there is a difference between accounting profit and fiscal profit which has a significant positive effect on profit persistence. However, this is different from research conducted by researchers Asma (2015) who stated that the difference between accounting profit and fiscal profit has a significant negative effect on profit persistence.

The second factor that can influence profit persistence is cash flow volatility. Cash flow volatility is an index of the spread of a company's cash flow distribution. According to (N. Nurhayati & Rahman, 2023; Santy et al., 2017b; Sulastri, 2014) in Lastya & Ningsih (2020) Current volatility will describe fluctuations cash flows that occur within a company, cash flows that fluctuate sharply will cause difficulties in predicting future cash flows, so this can cause a low level of profit persistence in the company.

Cash flow volatility affects profit persistence because it can cause uncertainty in the operational environment which is observed through cash flow fluctuations which will result in decreased profit persistence. If cash flows fluctuate sharply, it will be very difficult to predict future cash flows. High cash flow volatility will result in low-profit persistence because current cash flow information makes it difficult to predict future cash flows. Cash flow volatility can indicate uncertainty in the operating environment, which means that the higher the cash flow volatility, the higher the uncertainty in the operating environment, so it can be said that cash flow volatility can influence profit persistence.

This statement is in accordance with research conducted by (Hamzah & Suhendar, 2020; Kusuma & Sadjiarto, 2014) which proves that cash flow volatility has a significant effect on profit persistence. However, this is in contrast to research conducted by (Andi & Setiawan, 2020; N. Nurhayati, 2021) which states that cash flow volatility has a significant negative effect on profit persistence.

Apart from that, the third factor that can influence profit persistence is managerial ownership. According to (Arisandi & Astika, 2019; Sholihah et al., 2020) managerial ownership can be measured as well as assessing the quality of future profits as reflected in the persistence of profits, the more shares acquired by management, the greater the manager's responsibility to be accountable for financial reports through their performance.

The manager will further improve his performance in carrying out his duties if the company's share ownership is greater so that the manager will get the same benefits from the company. However, when managers shift their focus to seeking profits for themselves, it can cause agency conflicts to emerge. To increase profit persistence, agency conflicts must be avoided.

High profit persistence in companies caused by managers seeking the best company performance will increasingly attract the attention of investors to invest in shares and this will enable the company's performance to increase so that the company can maintain its profit persistence. This is in accordance with research conducted by (Jumiati & Ratnadi,

2014; Yusuf & Nurhayati, 2017) that managerial ownership has a positive effect on profit persistence. However, this is different from research conducted by Dudi Pratomo (2021) which states that managerial ownership has a negative effect on profit persistence.

The fourth factor that influences profit persistence is the amount of accruals. According to Nuraini (2014) accruals are considered important in profit persistence because profit itself is broken down into two components, namely the first is cash flow and the second is accruals. The amount of accruals is the amount of income recognized when the business unit's rights arise due to the delivery of goods to outside parties and costs are recognized when obligations arise due to the use of economic resources attached to the goods delivered (Hayati, 2014; N. Nurhayati et al., 2021)

The amount of accruals affects the persistence of profits because more accruals means more estimates and estimation errors, and therefore the persistence of profits will be lower. According to (Purnama & Azizah, 2019; Sulastri, 2014) persistent profit is profit that contains little or no accruals, and can reflect the company's actual performance. In research conducted by (Fanani, 2010; Purnama et al., 2016a) the amount of accruals had a significant negative effect on profit persistence. In contrast to research conducted by Randi (2010) which states that the amount of accruals has a positive effect on profit persistence.

Then the final factor that can influence profit persistence is company size, which is one of the measures used to assess companies. The size of a company can be seen as measured based on total sales, average sales level and total assets. The bigger a company is, the more it is expected to generate high profits. High profit growth will affects profit persistence because this can improve the quality of profits through a series of efforts to improve company performance.

(Murdoko Sudarmadji & Sularto, 2007; Purnama et al., 2016b) explain that the size of a company can be expressed in terms of total assets, sales, and market capitalization. Meanwhile, according to Agus Sartono (2010,120) company size can determine whether the company's capabilities are good or not. In general, investors have more confidence in large companies, because large companies are considered capable of continuing to improve their company's capabilities by increasing the quality of their profits. Large profit developments will have an impact on profit persistence and the company's ability to attract potential investors. This is in accordance with research conducted by (Puspasari & Purnama, 2018; Susanto, 2022) that company size influences profit persistence. However, this is different from research conducted by Yutri Nurmallasari, Kamaliah & Azwir Nasir (2022) which states that company size does not have a significant effect on profit persistence.

Based on the above background, researchers are interested in conducting research entitled "The Effect of *Tax Differences*, Cash Flow Volatility, Managerial Ownership, Amount of Accruals and Company Size on Profit Persistence (Case Study of Consumer Services Sub-Sector Companies Listed on the Indonesia Stock Exchange in 2017 -2021)".

## METHOD

The research method used by the author is descriptive and verification. The descriptive method according to Sugiono (2016) is "a method used to describe or analyze research results but not used to make broader conclusions". In this research, descriptive methods are used to describe or describe variables – research variables, namely *book-tax differences*, cash flow volatility, managerial ownership, amount of accruals and company size on profit persistence. Meanwhile, the verification method according to Sugiono (2016) is "as a research method which aims to determine a hypothesis test through a statistical calculation so that the results obtained prove whether the hypothesis is rejected or accepted." In this research, the verification method is used to analyze the influence of book-tax differences, cash flow volatility, managerial ownership, amount of accruals and company size on earnings persistence, either simultaneously or partially. The research object used is the company. The company that is the research unit is a consumer services sub-sector company from 2017 to 2021. Researchers conducted an analysis of the company's financial reports published on [www.idx.com](http://www.idx.com). In this research, the population used is the financial reports of consumer services sub-sector companies listed on the Indonesia Stock Exchange (BEI) for 2017-2021. A total of 40 companies so the population is 40 x 5, namely 200 data.

*purposive* sampling technique, namely a sampling technique with various considerations. According to Riduwan (2010:63), *purposive sampling*, also known as consideration sampling, is a sampling technique used by researchers if the researcher has certain considerations in taking samples or determining samples with a specific purpose. The type of data used in this research is quantitative data. According to Sugiono (2016) quantitative data is data in the form of numbers. Quantitative data can be divided into two, namely interval data and ratio data. Interval data is data that is measured by the distance between two points on a known scale, while ratio data is data that is measured with a proportion.

The data source in this research is secondary data. According to Sugiono (2016) explains secondary data, namely "data sources that do not directly provide data to data collectors. This secondary data is data that supports primary data needs such as books, literature and reading that are related to and support this research. In this research, secondary data was obtained from the Indonesia Stock Exchange (BEI) website via the site [www.idx.co.id](http://www.idx.co.id), the data used includes annual financial reports.

In this research, data collection was carried out using non-participant observation techniques. According to Sugiono (2016) participant observation is that if in participant observation the researcher is directly involved with the activities of the people being observed, then in non-participant observation the researcher is not involved and is only an independent observer. In this case, because the researcher is not part of the companies that are the object of research. So this research carried out data collection using non-participant observation techniques.

Based on its dimensions, the data used in this research is panel data. Panel data is combined time series and cross-section data or pooling data. This research uses data from a certain time interval, namely 2019-2021. In this research, data collection was carried out using non-participant observation techniques. According to (Rahmawati & Martika, 2018; Sugiono, 2016; Suhendar & Hakim, 2021) participant observation is if in participant observation the researcher is directly involved with the activities of the people being observed, then in non-participant observation the researcher is not involved and is only an independent observer. In this case, because the researcher is not part of the companies that are the object of research. So this research carried out data collection using non-participant observation techniques.

## RESULTS AND DISCUSSION

### Coefficient of Determination Test Results ( $R^2$ )

To determine the magnitude of the influence of the independent variable on the dependent variable together, the coefficient of determination will be used. The coefficient of determination is the percentage of influence of the independent variable on the dependent variable. The  $R^2$  value is between 0 and 1, where if the  $R^2$  value is closer to 1, it means that the influence of the independent variable on the dependent variable is getting stronger, and vice versa. Analysis of the coefficient of determination using the *fixed effect model* is obtained as follows:

**Table 2.** Coefficient of Determination Test Results ( $R^2$ )

Cross-section fixed (dummy variables)			
R-squared	0.733055	Mean dependent var	0.072269
Adjusted R-squared	0.709649	SD dependent var	0.876093
SE of regression	0.880310	Akaike info criterion	2.793640
Sum squared resid	61.22069	Schwarz criterion	3.450811
Log likelihood	-120.6661	Hannan-Quinn Criter.	3.059939
F-statistic	9.960243	Durbin-Watson stat	1.971750
Prob (F-statistic)	0.00000		

Source: *evIEWS ver 9 output*

Based on table 2, the *Adjusted R-square value* is 0.709649. This means that the independent variable in this case is *book tax differences*, cash flow volatility, managerial ownership, amount of accruals and company size simultaneously explain the dependent variable in this case profit persistence of 70.9649% while the remaining 29.0352% is explained by other variables not examined in this research or outside the research model.

### Hypothesis Testing Results

#### F Test Results

The f statistical test basically shows whether all the independent variables included in the model have a simultaneous influence on the dependent variable. Testing was carried out using a *significance level of 0.05* ( $\alpha = 5\%$ ). The results of the F test are displayed in the table as follows:

**Table 3.** F-Test Results



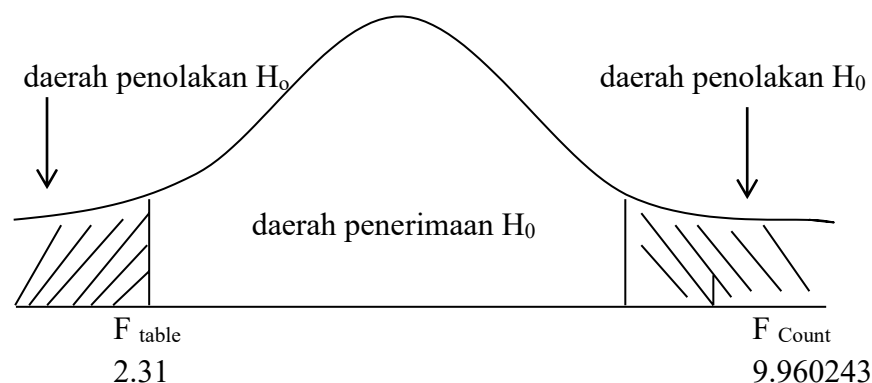
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Source : *evIEWS ver 9 output*

*the EvIEWS 9* application program is based on *the fixed effect* model, simultaneous test results are obtained.

Based on table 3, it is known that the calculated F value is 9.960243 with a significance of 0.000000. In table F the significance level is 5% with  $df_1 = \text{number of variables} - 1 = 6 - 1 = 5$  and  $df_2 = \text{number sample (n)} - \text{number of independent variables (k)} - 1 = 105 - 5 - 1 = 99$ , the result of the F table is 2.31. The calculated F value is 9.960243 with a probability value of  $0.000000 < 0.05$  so that  $H_0$  is rejected and  $H_a$  is accepted. *Book tax differences*, cash flow volatility, managerial ownership, accruals and company size have a simultaneous and significant effect on earnings persistence. The results of the simultaneous test can be seen in the following image:



**Figure 1.** Simultaneous  $H_0$  Rejection Region

## t Test Results

The partial test is used to determine the level of significance between each variable individually/partially. Based on data processing using *the evIEWS 9* application program based on *the fixed effect* model, the partial test was obtained as follows:

**Table 4.** Fixed Effect Test Results

C	9.521281	1.497804	6.348030	0.0000
BTD?	0.444951	1.205403	5.700970	0.0000
VAK?	0.491206	0.037505	4.091523	0.0000
KM?	0.460093	0.105699	4.568532	0.0000
B.A.?	0.345277	1.346802	3.038366	0.0021
GRO?	0.312568	0.060621	3.207313	0.0017

Source: *evIEWS ver 9 output*

Based on the table above , it is possible to test the influence of *book tax differences* , cash flow volatility, managerial ownership, amount of accruals and company size on profit persistence as follows:

### 1. The Effect of *Book Tax Differences* on Profit Persistence

Testing the *book tax differences* variable on profit persistence, the statistical t value ( *calculated t* ) is 5.700970. at a significant level of 0.05 and the degree of freedom  $df = nk = 105 - 5 = 100$ , the  $t_{table}$  is 1.6602. so it can be concluded that the *calculated t* value is greater than the  $t_{table}$  ( $5.700970 > 1.6602$  and the significant value is  $0.0000 < 0.05$ , so  $H_0$  is rejected and  $H_a$  is accepted, meaning that *book tax differences* have a positive and significant effect on earnings persistence

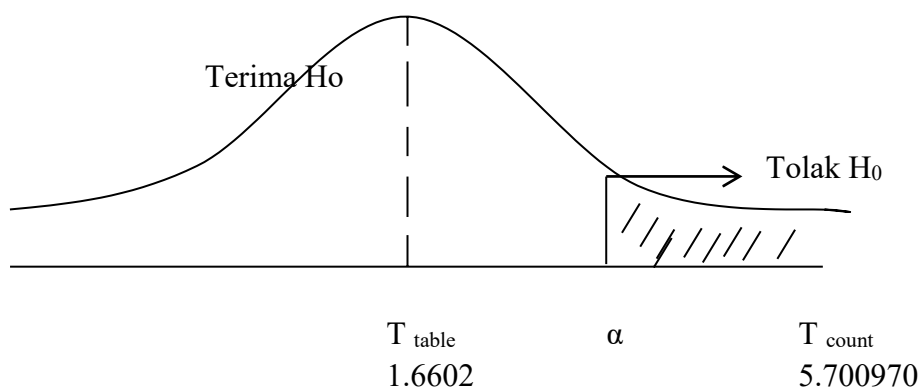


Figure 2. Partial  $H_0$  Rejection Region 1

### 2. The Effect of Cash Flow Volatility on Profit Persistence

Testing the cash flow volatility variable on profit persistence, the statistical t value ( *calculated t* ) is 4.091523. at a significant level of 0.05 and the degree of freedom  $df = nk = 105 - 5 = 100$ , the  $t_{table}$  is 1.6602. so it can be concluded that the *calculated t* value is greater than the  $t_{table}$  ( $4.091523 > 1.6602$  and the significant value is  $0.0000 < 0.05$ , then  $H_0$  is rejected and  $H_a$  is accepted, meaning that cash flow volatility has a positive and significant effect on earnings persistence.

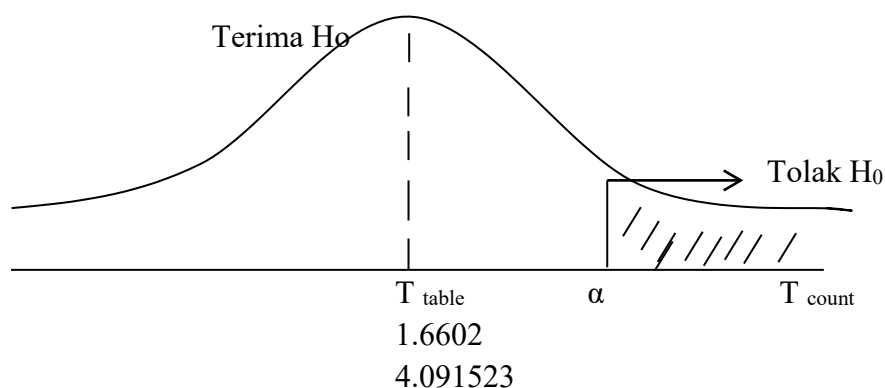


Figure 3. Partial  $H_0$  2 rejection area

### 3. The Influence of Managerial Ownership on Profit Persistence

Testing the managerial ownership variable on profit persistence, the statistical t value (calculated t) is 4.568532. at a significance level of 0.05 and a degree of freedom  $df = nk = 105 - 5 = 100$ , the  $t_{table}$  is 1.6602. so it can be concluded that the calculated t value is greater than the  $t_{table}$  ( $4.568532 > 1.6602$  and the significant value is  $0.0000 < 0.05$ , so  $H_0$  is rejected and  $H_a$  is accepted, meaning that managerial ownership has a positive and significant effect on earnings persistence.

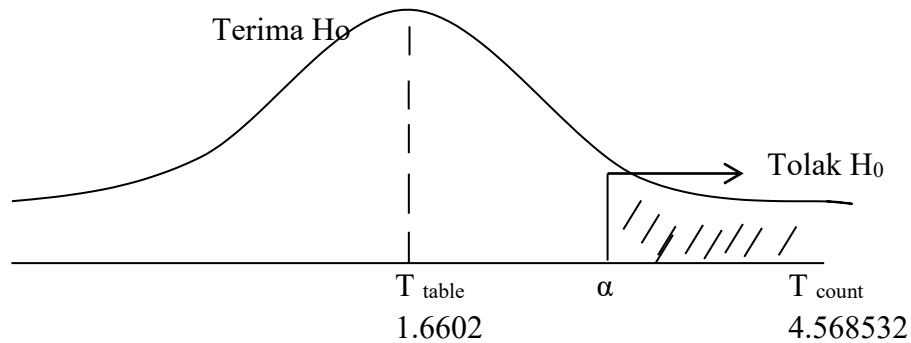


Figure 4. Partial  $H_0$  Rejection Area 3

#### 4. The Influence of the Amount of Accruals on Profit Persistence

Testing the accrual size variable on profit persistence, the statistical t value (calculated t) is 3.038366. at a significance level of 0.05 and a degree of freedom  $df = nk = 105 - 5 = 100$ , the  $t_{table}$  is 1.6602. so it can be concluded that the calculated t value is greater than the  $t_{table}$  ( $3.038366 > 1.6602$  and the significant value is  $0.0021 < 0.05$ , so  $H_0$  is rejected and  $H_a$  is accepted, meaning that the amount of accruals has a positive and significant effect on profit persistence.

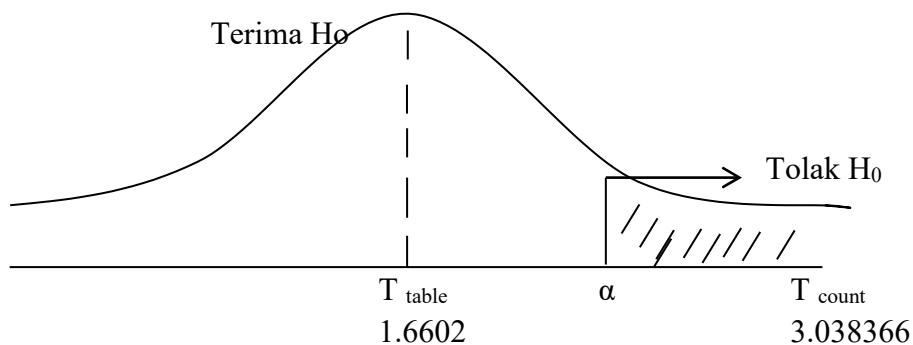


Figure 5. Partial  $H_0$  Rejection Area 4

#### 5. The Influence of Company Size on Profit Persistence

Testing the company size variable on profit persistence, the statistical t value (calculated t) is 3.207313. at a significant level of 0.05 and the degree of freedom  $df = nk = 105 - 5 = 100$ , the  $t_{table}$  is 1.6602. so it can be concluded that the calculated t value is greater than the  $t_{table}$  ( $3.207313 > 1.6602$  and the significant value is  $0.0017 < 0.05$  then  $H_0$  is rejected and  $H_a$  is accepted, meaning that company size has a positive and significant effect on profit persistence.

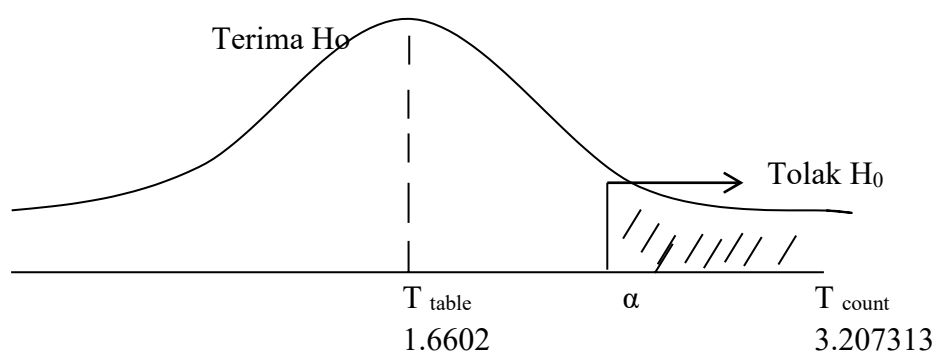


Figure 6. Partial  $H_0$  Rejection Area 5

### **The Influence of *Book Tax Differences* , Cash Flow Volatility, Managerial Ownership, Amount of Accruals and Company Size on Profit Persistence**

Based on the research results, it shows that the influence of *book tax differences* , cash flow volatility, managerial ownership, accrual size and company size simultaneously influence profit persistence. This means that this research can be generalized to all consumer services sub-sector companies listed on the Indonesian Stock Exchange in 2017-2021. The influence of *book tax differences* , cash flow volatility, managerial ownership, accrual size and company size simultaneously influence earnings persistence. This can be used as a guideline for companies to present financial reports that have high profit persistence. So that's the basis whether the company is good or not is reflected in the financial statements presented.

### **The Effect of *Book Tax Differences* on Profit Persistence**

The results of hypothesis testing show that *book tax differences* have a positive and significant effect on earnings persistence. This means that this research can be generalized to all consumer services sub-sector companies listed on the Indonesian Stock Exchange in 2017-2021.

### **The Effect of Cash Flow Volatility on Profit Persistence**

The research results show that cash flow volatility has a positive and significant effect on earnings persistence. This means that this research can be generalized to all consumer services sub-sector companies listed on the Indonesian Stock Exchange in 2017-2021.

### **The Influence of Managerial Ownership on Profit Persistence**

The research results show that managerial ownership has a positive and significant effect on earnings persistence. This means that this research can be generalized to all consumer services sub-sector companies listed on the Indonesian Stock Exchange in 2017-2021.

### **The Influence of the Amount of Accruals on Profit Persistence**

#### **The Influence of Book Tax Differences....., 41-56**

The research results show that managerial ownership has a positive and significant effect on earnings persistence. This means that this research can be generalized to all consumer services sub-sector companies listed on the Indonesian Stock Exchange in 2017-2021.

#### **The Influence of Company Size on Profit Persistence**

The research results show that company size has a positive and significant effect on earnings persistence. This means that this research can be generalized to all consumer services sub-sector companies listed on the Indonesian Stock Exchange in 2017-2021.

### **CONCLUSION**

Based on research and discussions that have been carried out regarding the influence of *book tax differences*, cash flow volatility, managerial ownership, accrual amounts and company size on profit persistence in consumer services sub-sector companies listed on the Indonesia Stock Exchange for the 2017-2021 period, the following conclusions can be drawn :

1. The research results show that *book tax differences*, cash flow volatility, managerial ownership, accrual size and company size together have a significant effect on earnings persistence. This means that the level of profit persistence can be influenced by changes in the relationship or interaction between *book tax differences*, cash flow volatility, managerial ownership, the amount of accruals and company size.
2. *Book tax differences* have a positive and significant effect on earnings persistence. This means that the higher the level of *book tax differences*, the higher the earnings persistence. On the other hand, if *book tax differences* are low, the persistence of profits will be lower.
3. Cash flow volatility has a positive and significant effect on profit persistence. This means that the higher the level The higher the volatility of cash flows, the higher the persistence of profits. Conversely, if cash flow volatility is low, the persistence of profits will be lower.
4. Managerial ownership has a positive and significant effect on earnings persistence. This means that the higher the level of managerial ownership, the higher the persistence of profits. On the other hand, if managerial ownership is low, the persistence of profits will be lower.
5. The amount of accruals has a positive and significant effect on profit persistence. This means that the higher the level of accruals, the higher the persistence of profits. On the other hand, if the accrual amount is low, the persistence of profits will be lower.
6. Company size has a positive and significant effect on earnings persistence. This means that the higher the level of company size, the higher the persistence of profits. On the other hand, if the company size is low, the persistence of profits will be lower.

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