THE EFFECT OF DEBT LEVELS, CASH FLOW VOLATILITY, AND AMOUNT OF ACCRUALS ON PROFIT PERSISTENCE IN COMPANIES MANUFACTURING SUB-SECTORS OF VARIOUS INDUSTRIES LISTED ON INDONESIA STOCK EXCHANGE YEAR 2017-2021

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DOI: https://doi.org/10.46880/methoda.Vol13No2.pp195-206

ABSTRACT

This research was conducted to see how much influence the Level of Debt, Cash Flow Volatility, and Amount of Accruals have on Profit Persistence in Manufacturing Companies in the Various Industries Sub Sector in 2017-2021. The population in this study is the 2017-2021 Financial Statements for 9 Manufacturing Companies in Various Industrial Sub-Sectors, so the total sample is 45. This type of research uses a descriptive quantitative method with secondary data so that it can describe each variable in this study. The data will be processed using Statistical Product and Service Solution (SPSS) Version 25. The data analysis technique in this study uses descriptive analysis test, classic assumption test, coefficient of determination test, multiple linear regression analysis test, and uses a partial hypothesis test (t test) and simultaneous test (F test) with a significance level of 0.05. Based on the results of data analysis tests that have partially Debt Level has a negative and significant effect on Profit Persistence and Cash Flow Volatility has a negative but not significant effect, while the Accrual Amount has a positive and significant effect on Earnings Persistence., and the results of the study simultaneously stated that all independent variables significant effect on Profit Persistence simultaneously with the test results of the coefficient of determination showing an effect of 33.5%.

Keyword: *Debt Level, Cash Flow Volatility, Accrual Amount, Earnings Persistence.*

INTRODUCTION

One of the important information disclosed in the financial statements is information about profit (Harahap, 2011). Profit is an increase in assets in one period due to productive activities that can be shared or distributed to creditors, the government and investors in the form of interest, taxes, and dividends without affecting the integrity of investors' equity (Indra, 2014). Profit is one of the financial statement items that is needed by *stakeholders* , the purpose of profit is to provide relevant and timely information so that it is useful in making investment decisions, monitoring, rewarding performance, and making contracts.

In order for profit to provide reliable information, profit must be of quality or persistence (Fanani, 2010). This is reinforced by (Gusnita & Taqwa, 2019) which states that persistence is important in relation to the reliability of information, where information can be said to be reliable if the information can influence economic decision making. Persistent profit is profit that can reflect sustainable *earnings* in the future (Fanani, 2010). The following are several manufacturing companies in the various industrial sub-sectors that have managed to earn profits in the 2017-2021 period:

Table 1. Data on Manufacturing Company Profits for Various Industry Sub-Sectors for 2017 – 2021 (in Millions of Rupiah)

No.	Kode Perusahaan	Nama Perusahaan	2017	2018	2019	2020	2021
1	ASII	PT. Astra International. Tbk	23.165	27.372	26.621	18.571	25.586
2	INDS	PT. Indospring. Tbk	113.639	110.686	101.465	58.751	158.199
3	LPIN	PT. Multi Prima Sejahtera. Tbk	191.977	32.755	29.918	6.732	23.408
4	SMSM	PT. Selamat Sempurna. Tbk	555.388	633.550	638.676	539.116	728.263
5	SLIS	PT. Gaya Abadi Sempurna. Tbk	19.260	20.758	29.514	26.496	25.245

From the table above it can be seen that 5 examples of 9 companies have managed to maintain their profits. There are 49 Manufacturing companies in the Sub-Sector of various Industries listed on the Indonesia Stock Exchange and not all of these companies have succeeded in obtaining successive profits/profits or obtaining profit persistence during the 2017-2021 period.

The persistence of earnings is of great concern to users of financial statements, especially those who expect high earnings persistence. Earning persistence can be influenced by a variety of existing factors, such as the level of debt, where the high level of corporate debt causes the company's desire to increase the persistence of its earnings, it is hoped that the company will be able to maintain good performance in the eyes of investors and auditors (Fanani, 2010). With good performance, it is hoped that creditors will still have confidence in the company, it will be easy to provide funds, as well as the convenience the company will get in the payment process (Sulastri, 2014).

Besides that earnings persistence is also affected by cash flow volatility, because there is high uncertainty in the operating environment indicated by high cash flow volatility (Sulastri, 2014). Stable cash flow information is needed by earnings persistence, in other words cash flow information that has little volatility. High volatility indicates low earnings persistence, because current cash flow information is difficult to predict future cash flows (Fanani, 2010). This is also reinforced by (Rahmadhani & Zulbahridar, 2016) which reveals that when cash flows fluctuate sharply, the earnings persistence will be lower.

The amount of accruals also affects the persistence of earnings, the more accruals, the more estimates and estimation errors, this causes the earnings persistence to be lower. Because persistent earnings are profits that have little or no accruals, and can reflect the actual company performance (Fanani, 2010).

Research on the determinants of earnings persistence has been several was carried out, but showed that there were inconsistencies in the results research (*Research Gap*). This is shown in the differences in research results namely the influence of Debt Level, Cash Flow Volatility, and Amount of Accruals on Earnings Persistence. Research on the effect of debt levels on earnings persistence has been carried out by (Sa'adah et al., 2017) and (Sulastri, 2014). According to the research results of (Sa'adah et al., 2017) the level of debt has a positive and significant effect on earnings persistence.

This is different from research (Sulastri, 2014) which shows that the level of debt has no effect on earnings persistence. Research on the effect of cash flow volatility on earnings persistence has been carried out by (Sulastri, 2014), (Indra, 2014), and (Sa'adah et al., 2017). Research (Indra, 2014) shows the results that Volatility Cash flow has a positive and significant effect on earnings persistence, this case different from the results of research (Sulastri, 2014) which shows that volatility cash flow has no effect on earnings persistence. As for (Sa'adah et al., 2017) shows that the volatility of cash flows has a negative and significant effect on earnings persistence.

LITERATURE REVIEW

Financial Statements

Financial statements are a structured presentation of the financial position and financial performance of an entity. The purpose of financial reports is to provide information about the financial position, financial performance and cash flows of an entity that is useful to report users in making economic decisions. The financial statements also show the results of management's accountability for the use of the resources entrusted to them. Through financial reports, investors can find out the condition of the company in the present and in the future by looking at the information contained in the financial statements (Nuraini & Purwanto, 2014). The financial statements are divided into five, including :

1. Financial position report;
2. Comprehensive income statement for the period ;
3. Report on changes in equity;
4. Cash flow statements; And
5. Notes on financial statements

Also contains summaries of important accounting policies and other explanatory information. There are four characteristics of financial statements, namely easy to understand (Understandability), actual (Relevant), Reliability (Reability), and comparable (Comparability).

Profit Persistence

Profit information becomes a source of decision making for financial report users (Nathalie, 2019). So that the expected accounting profit is not only high but also must persistence. Profit persistence is a measure that shows the company's ability to maintain the amount of profit earned at this time until the future (Harahap, 2011). According to (Marnilin et al., 2016) persistent profit is profit that can provide an overview of *sustainable earnings* in the future which is determined by the accrual component and its cash flow.

Profits into two groups, namely sustainable earnings and unusual earnings. Where *sustainable earning* is the ability of profit as an indicator of profit in the future which is generated repeatedly by the company in the long term . Meanwhile, *unusual earnings* are profits that are not used as an indicator of future profits because these profits are not generated repeatedly. Accounting profit is often the main focus for internal and external parties in making decisions, such as evaluating management performance, giving dividends to shareholders, determining management compensation, and so on. Even though the main focus is not high profits, but persistent profits .

Debt Level

Debt is all of the company's financial obligations to other parties that have not been fulfilled, where this debt is a source of funds or company capital originating from creditors (Maulana & Safa, 2017). In other words, debt is an obligation that has occurred due to past transactions that have implications for future expenditures. (Kurniawati & Arifin, 2017) classifies debt into two, namely current debt (short term debt) and long term debt. Short-term debt has a maturity of less than one year, while long-term debt has a maturity of more than one year. Revealed that debt is a preferred source of funding from outside parties because the reason is that most of the interest on debt is fixed and interest is a burden that can reduce taxes but does not reduce dividends (Subramanyam & Wild, 2014).

Cash Flow Volatility

The purpose of cash flow information is to provide historical information regarding changes in cash and cash equivalents of a company through cash flow statements which are classified into 3, namely cash flows based on operating activities, cash flows from investments, and cash flows from funding during an accounting period. Cash flow information that does not fluctuate sharply (stable) or has small volatility is needed to measure earnings persistence.

Cash flow volatility is the degree of spread of cash flows or the index of distribution of the company's cash flows (Sulastri, 2014). Volatility is the fluctuation or movement that occurs from one period to another (Indra, 2014).

So it can be understood that the volatility of cash flows is the fluctuation of cash flows that occur from one period to the next.

Accrual Amount

The accrual amount is the amount of revenue recognized when the right to the business entity arises when the goods are delivered to outside parties and costs are recognized when the obligation arises due to the use of economic resources attached to the goods handed over (Amaliyah & Suwarti, 2017). According to (Subramanyam & Wild, 2014) accruals are the amount of accounting adjustments that make net income different from net cash flow. These adjustments include adjustments that affect profit when there is no cash flow impact (eg, credit sales) and adjustments that exclude the impact of cash flows on profits (eg, purchase of assets). Because of the use of paired entries, accruals affect the balance sheet by increasing or decreasing asset or liability accounts by the same amount.

Hypothesis Formulation

The hypothesis is a temporary answer to the research problem formulation, where the research problem has been stated in the form of a question sentence (Sugiyono, 2018) . Based on the framework that has been described, the research hypothesis is carried out on the independent variables which are suspected to have an influence on earnings persistence, namely as follows:

Effect of Debt Level on Earnings Persistence

The large level of debt forces companies to continue to maintain its ability to pay off debts and maintain good performance for both investors and creditors. The higher the level of debt, the greater the management effort to show good company performance. Shown through the high persistence of company profits. This is consistent with research (Sa'adah et al., 2017) which found that the level of debt has a positive and significant effect on earnings persistence. Based on the description above, the hypothesis proposed in this study is as follows:

H_1 : Level of Debt has a positive effect on Profit Persistence

The Effect of Cash Flow Volatility on Profit Persistence

In measuring earnings persistence, stable cash flow information is needed or in other words cash flows that have low volatility. Cash flows that fluctuate sharply can cause the company's profits to become unstable or disrupted so that the company's ability to maintain the sustainability of its profits will also be low. So the greater the level of cash flow volatility, the lower the earnings persistence. And vice versa, the lower the volatility of cash flows, the higher the profit persistence. This is consistent with research (Sa'adah et al., 2017) showing that cash flow volatility has a negative and significant effect on earnings persistence. Based on the description above, the hypothesis proposed in this study is as follows:

H_2 : Cash Flow Volatility has a negative effect on Profit Persistence

Effect of Accrual Amount on Earnings Persistence

It can be said to be persistent if the accounting profit presented is accounting profit that does not contain or contains little accruals, so that it can provide an overview of the company's actual financial performance (Sulastri, 2014). So it can be concluded that the smaller the amount of accruals, the higher the persistence of earnings. This is in accordance with the research of (Sulastri, 2014), (Indra, 2014), and (Sa'adah et al., 2017) who found that accruals have a negative and significant effect on earnings persistence. Based on the description above, the hypothesis proposed in this study is as follows:

H_3 : The amount of accruals has a negative effect on persistence Lab a

Framework

Based on the explanation above, the framework is described in the following chart:

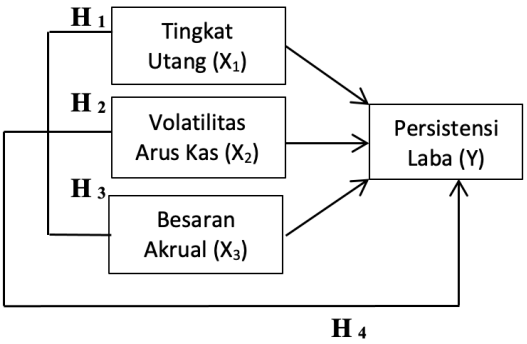

Fig. 1. Research Framework

RESEARCH METHODS

Data Analysis Method

Of data analysis in this study using analysis quantitative with descriptive analysis method, classic assumption test, Regression analysis multiple and hypothesis testing (Ghozali, 2018).

Descriptive Statistical Analysis

Descriptive statistical analysis is an activity in collecting data, processing and presenting data (Simanjuntak et al., 2020). In presenting data in descriptive statistics using tables, diagrams, numbers and pictures so that they can be easily understood and interpreted (Erlina, 2011). The method of data analysis in this study was carried out with the help of the IBM SPSS Statistics version 25 application program.

Classical Assumption Testing Model

Normality test

This test is useful for the initial stage in the selection method of data analysis. If normal data, use parametric statistics, and If the data is not normal, use statistics nonparametric or do treatment so that the data is normal. The purpose of the normality test is to find out whether it is in the regression model confounding or residual variables have a normal distribution. This test is required because to do the t test and F test assumes that the residual values follow normal distribution. If this assumption is violated or not fulfilled then a statistical test becomes invalid for a small number of samples (Erlina, 2011) .

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one residual observation to another. If *the variance* from one observation residual to another observation remains, it is called homoscedasticity and if it is different it is called heteroscedasticity. A good regression model is one that has homoscedasticity or does not have heteroscedasticity.

Multicollinearity Test

The multicollinearity test aims to test whether the regression model is determined by the correlation between independent (independent) variables (Situmorang & Simanjuntak, 2019). A good regression model should not have a correlation between the independent variables. If the independent variables are correlated, then these variables are not orthogonal. Orthogonal variables are independent variables whose correlation values between independent variables are equal to zero.

Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding errors in period t and the interfering errors in the t-1 (previous) period (Situmorang & Simanjuntak, 2019).

Table 2. Decision Making

Null Hypothesis	If	Decision
There is no positive autocorrelation	$0 < d < d.l$	Reject
There is no positive autocorrelation	$dl \leq d \leq du$	No decision
There is no negative autocorrelation	$4 - dl < d < 4$	Reject
There is no negative autocorrelation	$4 - du \leq d \leq 4 - dl$	No decision
There is no positive and negative autocorrelation	$du < d < 4 - du$	Not denied

Source: (Ghozali, 2018)

If there is a correlation, then there is called an autocorrelation problem. Autocorrelation arises because successive observations over time are related to one another. This problem arises because of residuals (*time series*) due to "disturbances" of the same individual or group in the next period.

Multiple Regression Analysis

Multiple regression analysis is used to predict how the condition (rise and fall) of the dependent variable, if two or more independent variables as predictor factors are manipulated (the value is increased or decreased). So multiple regression analysis will be carried out if the number of independent variables is at least two (Kurniawan & Yuniarto, 2016). In this study, multiple regression analysis was used to measure the influence of the independent variables (cash flow volatility, the amount of accruals, and the level of debt) on the dependent variable (earnings persistence).

Hypothesis Test

To test the hypothesis in this study using the individual parameter significance test (partial t test), simultaneous significance (F test), and determination test.

Partial test (t)

The t statistical test basically shows how far the influence of one explanatory/independent variable individually explains the variation of the dependent variable (Ghozali, 2018). The t-test decision making is based on the probability value, where:

a. If the probability value is > 0.05 or $t_{count} < t_{table,}$ then H_a is rejected and H_o is accepted
b. If the probability value is <0.05 or the t_{count} value is > t_{table} , then H_a is accepted and H_o is rejected

In the t test, the probability value can be seen in the processing results of the SPSS program, namely in the sig column *coefficients table.*

Simultaneous Significance Test (F Statistical Test)

The F statistical test basically shows whether all the independent variables included in the regression model have a simultaneous effect on the dependent variable (Ghozali, 2018). Characteristics for carrying out the F test test in rejecting Ho , namely:

a. If $F_{count} > F_{table}$ with a significant level of 5% ($\alpha = 0.05$), with degrees of freedom df = (k-1)(nk-1) then H_o is rejected , meaning that the independent variable has a significant effect on the dependent variable.
b. If $F_{count} < F_{table}$, the independent variable has no significant effect on the dependent variable.

Determination Coefficient Test

The coefficient of determination (R^2) basically measures how far the model's ability to explain the variation of the independent variables. The value of the coefficient of determination is between zero and one. A small R value means that the ability of the independent variables to explain variations in the dependent variables is very limited. A value that is close to one means that the independent variables provide almost all the information needed to predict the variation in the dependent variable (Ghozali, 2018).

RESULTS AND DISCUSSION

Descriptive Statistical Test Results

Descriptive statistics provide an overview or description of a data seen from the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness (distribution skewed) (Ghozali, 2018). The following is the result of data processing using IBM SPSS 25:

Table 3. Descriptive Statistical Test Results

Descriptive Statistics					
	N	Min	Max	Means	std. Deviation
LEVEL DEBT	45	063	.817	.37309	.216798
CASH FLOW VOLATILITY	45	-.310	.322	.05113	.102593

ACCRUAL AMOUNT	45	-.241	.742	.05162	.146176
PROFIT PERSISTENCE	45	001	2,966	.38656	.809228
Valid N (listwise)	45				

Source: Processed data (2023)

Classical Assumption Test Results

Normality Test Results

The normality test aims to test whether in the regression model, the confounding or residual variables have a normal distribution. This test was carried out using the Kolmogorov-Smirnov method and supported by a probability plot (P-Plot). The results of the normality test in this study can be seen as follows:

Table 4. Monte Carlo Normality Test Results

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residuals
N			45
Normal Parameters [a,b]	Means		.0000000
	std. Deviation		.63702748
Most Extreme Differences	absolute		.138
	Positive		.138
	Negative		-.069
Test Statistics			.138
asymp. Sig. (2-tailed)			032 [c]
Monte Carlo Sig. (2-tailed)	Sig.		.335 [d]
	99% Confidence Intervals	LowerBound	.322
		Upperbound	.347

Table 4 above shows that the asymptotic significance value is above 0.05, this means that the research data is normally distributed.

Heteroscedasticity Test Results

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one residual observation to another. Figure 4.3 below is the result of the heteroscedasticity test for the independent variables, namely the level of debt (X_1), cash flow volatility (X_2), and the amount of accruals (X_3) on the dependent variable Earnings persistence (Y).

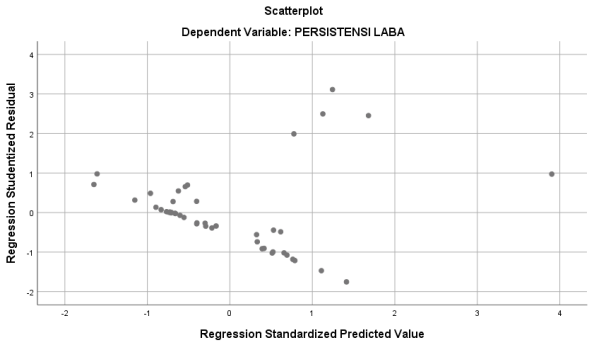

Fig. 2. Heteroscedasticity Test Results

Figure above shows the points spread randomly and do not form a pattern, either above or below the number 0 on the Y axis, thus it can be concluded that there is no heteroscedasticity.

Multicollinearity Test Results

The multicollinearity test aims to test whether the regression model is determined by the correlation between independent (independent) variables. A good regression model should not have a correlation between the independent variables. In this study, the independent variables are the level of debt, cash flow volatility, and the amount of accruals.

Table 5. Multicollinearity Test Results

Coefficients [a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	std. Error	Betas		
1	(Constant)	1011	.262		3,857	.000
	DEBT LEVEL	-1,865	.504	-.500	-3,698	001
	CASH FLOW VOLATILITY	-.738	1.318	-.094	-.560	.578
	ACCRUAL AMOUNT	2.114	.860	.382	2,458	.018

a. Dependent Variable: EARNINGS PERSISTENCE
Source: Data processed in 2023

Based on Table 5. The results of the magnitude of the correlation between variables show that of the three independent variables, namely debt levels, cash flow volatility, and accrual amounts, they have a VIF value of < 10 and a tolerance value of > 0.10 which indicates that there is no multicollinearity.

Autocorrelation Test Results

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding errors in

period t and the interfering errors in the t-1 (previous) period. A good regression model is a regression that is free from autocorrelation. Below are the results of the autocorrelation test in this study:

Table 6. Durbin-Watson Autocorrelation Test Results

Summary Model [b]					
Model	R	R Square	Adjusted R Square	std. Error of the Estimate	Durbin-Watson
1	.617 [a]	.380	.335	.659922	2,317

Based on table 6 above, it is known that Durbin Watson is 2.317. This value is greater than dU, which is 1.666 and smaller than 4-dU, which is 2.334. It can be concluded that dU < d < 4-dU = 1.666 < 2.317 < 2.334, then there is no autocorrelation.

Results of Multiple Regression Analysis

The next step after carrying out the classical assumption test is multiple regression testing. In this study, multiple regression analysis was used to measure the influence of the independent variables (level of debt, cash flow volatility, and amount of accruals) on the dependent variable (earnings persistence). The results of the regression coefficient test can be seen in table 7 below:

Table 7. Results of Multiple Regression Analysis

Coefficients [a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	std. Error	Betas			tolerance	VIF
1	(Constant)	1011	.262		3,857	.000		
	DEBT LEVEL	-1,865	.504	-.500	-3,698	001	.828	1.207
	CASH FLOW VOLATILITY	-.738	1.318	-.094	-.560	.578	.542	1,846
	ACCRUAL AMOUNT	2.114	.860	.382	2,458	.018	.627	1,596
a. Dependent Variable: EARNINGS PERSISTENCE								

Source: Data processed in 2023

Based on Table 7, the regression equation model can be obtained as follows:

$PL_{jt} = 1.011 - 1.865\ TU_{million} - 0.378\ VAK_{million} + 2.214\ BA_{million} + e$

Hypothesis Test Results

Partial Test Results (t)

The t statistical test basically shows how far the influence of one explanatory/independent variable individually explains the variation in the dependent variable. The results of the partial test (t) in this study can be explained as follows:

Effect of Debt Level on Profit Persistence

The first hypothesis in this study is the level of debt has a positive effect on earnings persistence. Based on the results of the hypothesis test shown in table 4.6, it is known that the multiple regression coefficient of the negative debt level variable is –1.865, which means that the debt level has a negative effect on earnings persistence, which means that if the debt level increases, the profit persistence will decrease. This result is also supported by his research (Kasiono and Fachrurrozie, 2016), namely the level of debt has a negative effect on earnings persistence. In accordance with the existing theory that the use of debt creates interest expenses that must be paid by the company, therefore the company must be able to make good use of its debt so that it can maintain the persistence of company profits. While the comparison of t_{count} with t_{table} is t_{count} -3.698 <t_{table} 2.020, it can be concluded that H1 $_{or}$ the first hypothesis is rejected. This means that there is no effect of the level of debt (X_1) on earnings persistence (Y). The significance value (Sig.) of the debt level variable (X_1) is 0.001. Because the value of Sig. 0.001 < probability 0.05, it can be concluded that H1 $_{or}$ the first hypothesis is accepted. This means that the level of debt (X_1) has a significant effect on earnings persistence (Y). Thus the first hypothesis (H_1) which states that the level of debt has a positive effect on earnings persistence, is rejected.

The Effect of Cash Flow Volatility on Profit Persistence

The second hypothesis in this study is that cash flow volatility has a negative effect on earnings persistence. Based on the results of the

hypothesis testing shown in table 4.6, it is known that the multiple regression coefficient of the negative cash flow volatility variable is -0.738, which means that cash flow volatility has a negative effect on earnings persistence which proves that high cash flow volatility will make the information contained in it difficult to predict future cash flows. While the comparison of t_{count} with t_{table} is t_{count} -0.560 <t_{table} 2.020, it can be concluded that H2 $_{or}$ the second hypothesis is rejected. This means that there is no effect of cash flow volatility (X_2) on earnings persistence (Y). The significance value (Sig.) of the cash flow volatility variable (X_2) is 0.578. Because the value of Sig. 0.578 > probability 0.05, it can be concluded that H2 $_{or}$ the second hypothesis is rejected. This means that the volatility of cash flows (X_2) has no significant effect on earnings persistence (Y). Thus the second hypothesis (H_2) which states that the volatility of cash flows has a negative effect on earnings persistence, is accepted.

Effect of Accrual Amount on Earnings Persistence

The third hypothesis in this study is that accruals have a negative effect on earnings persistence. Based on the results of the hypothesis testing shown in table 4.6 it is known that the multiple regression coefficient of the positive accrual variable is 2.114, which means that the accrual amount has a positive effect on earnings persistence. Persistent accounting profit is accounting profit that has little or no accruals so that it can reflect the company's actual financial performance (Fanani, 2010). Accounting earnings that contain accruals will experience disruption due to transitory events which will later disrupt and cause low quality accruals and low earnings persistence. So that the greater the accrual contained in accounting profit, the lower the persistence of accounting profit. Conversely, the lower the accrual contained in accounting profit, the higher the earnings persistence. While the comparison of t_{count} with t_{table} is t_{count} 2.458 > t_{table} 2.020, it can be concluded that H3 $_{or}$ the second hypothesis is accepted. This means that there is an effect of the amount of accruals (X_3) on the persistence of earnings (Y). The significance value (Sig.) of the accrual variable (X_3) is 0.018. Because the value of Sig. 0.018 <probability of 0.05, it can be concluded that H3 $_{or}$ the third hypothesis is accepted. This means that the amount of accruals (X_3) has a significant effect on earnings persistence (Y). Thus the third hypothesis (H_3) which states that the amount of accruals has a negative effect on earnings persistence, is rejected.

Simultaneous Significance Test Results (Statistical F Test)

The F test aims to determine whether all the independent variables consisting of Debt Level (X_1), Cash Flow Volatility (X_2), and Accrual Amount (X_3) simultaneously have a significant influence on the dependent variable, namely Persistence Profit (Y). The significance of the regression model (sig.) can be seen in the table below:

Table 8. F test results

ANOVA [a]

Model		Sum of Squares	df	MeanSquare	F	Sig.
I	Regression	10,958	3	3,653	8,387	.000 [b]
	residual	17,855	41	.435		
	Total	28,813	44			

a. Dependent Variable: EARNINGS PERSISTENCE
b. Predictors: (Constant), ACCRUAL AMOUNT, LEVELS OF DEBT, CASH FLOW VOLATILITY
Source: Data processed in 2023

Based on Table 8 which shows that the sig. of 0.000. This indicates that the regression model can be used to predict the value of earnings persistence due to the sig. < alpha (α = 5%) and $_{calculated\ F\ value}$ 8.387 > F_{table} 2 .84 So it can be concluded that the fifth hypothesis (H_4) states that the level of debt, volatility of cash flows, and the amount of accruals together have a significant influence on persistence profit, received.

Test Results for the Coefficient of Determination (R^2)

The coefficient of determination (R2) basically measures how far the model's ability to explain the variation of the independent variables. A small R value means that the ability of the independent variables to explain the variations in the dependent variables is very

limited. The results of the test for the coefficient of determination in this study can be seen in table 9 below:

Table 9. Test Results for the Coefficient of Determination

Summary models

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.617 [a]	.380	.335	.659922

a. Predictors: (Constant), ACCRUAL AMOUNT, LEVELS OF DEBT, CASH FLOW VOLATILITY

Source: Data processed in 2023

Based on the results of the research in Table 9, it shows an Adjusted R^2 value of 0.335. This means that the contribution of the independent variables, namely the level of debt, volatility of cash flows, and the amount of accruals to the dependent variable of earnings persistence is 33.5% and the remaining 66.5% is determined by other variables such as sales volatility, operating cycle, and others that were not examined.

DISCUSSION

Based on the analysis above, it can be seen that the effect of the independent variables, namely the level of debt, cash flow volatility, and the amount of accruals on the dependent variable, namely earnings persistence. The results of this analysis indicate that the debt level variable has no and significant effect on earnings persistence, the cash flow volatility variable has a negative and insignificant effect on earnings persistence, the accruals variable has a positive and significant effect on earnings persistence.

Effect of Debt Level on Earnings Persistence

Based on the results of the partial test (t), it is known that the debt level variable has a negative and significant effect on earnings persistence. Thus the first hypothesis ($H1_{)}$ which states that the level of debt has a positive and significant effect on earnings persistence, is rejected. By rejecting H1 , then Ho which states that the level of debt has a negative and significant effect on the persistence of earnings is accepted. The rise and fall of debt does not make profits persistent, because debt is not used to strengthen sales, so debt does not affect profits. If debt does not affect profits, profit persistence will not be affected automatically .

The Effect of Cash Flow Volatility on Profit Persistence

Based on the results of the partial test (t) previously described, it is known that cash flow volatility has a negative effect on earnings persistence. So the second hypothesis (H_2) which states that cash flow volatility has a negative and significant effect on earnings persistence, is accepted. The test results indicate that the greater the level of cash flow volatility, the lower the earnings persistence. And vice versa, the lower the volatility of cash flows, the higher the profit persistence. This is in accordance with (Sa'adah et al., 2017) which shows that cash flow volatility has a negative and significant effect on earnings persistence.

Effect of Accrual Amount on Earnings Persistence

Based on the results of the partial test (t), it is known that the accruals variable has a negative and significant effect on earnings persistence. Thus the third hypothesis (H_3) which states that the amount of accruals has a negative and significant effect on earnings persistence, is accepted. The results of this study are consistent with the research of (Sa'adah et al., 2017), (Fanani, 2010), (Indra, 2014), and (Sulastri, 2014) which reveal that the amount of accruals has a negative and significant effect on earnings persistence, this is due to increased disturbances in earnings due to transitory events have caused earnings to fluctuate, so that the persistence of the company's earnings is low.

Effect of Debt Level, Cash Flow Volatility, and Accrual Amount on Profit Persistence

Based on the results of the study, the contribution of the independent variables, namely the level of debt, volatility of cash flows, and the amount of accruals, has a significant effect on the dependent variable of earnings persistence, which is 33.5% and the remaining 66.5% is determined by other variables, such as sales volatility, operating cycle, and others. which is not researched.

From the above results it can be concluded that the level of debt has a negative and significant effect on earnings persistence and cash flow volatility has a negative but not significant effect, while the amount of accruals has a positive and significant effect on earnings persistence.

CONCLUSION & SUGGESTION

1. The level of debt has a negative effect on earnings persistence. profit, which means that if the level of debt increases, the persistence of profits will decrease. In accordance with the existing theory that the use of debt creates interest expenses that must be paid by the company, therefore the company must be able to make good use of its debt so that it can maintain the persistence of company profits.
2. Cash flow volatility has a negative and insignificant effect on earnings persistence. This states that the high volatility of cash flows will make the information contained in it difficult to predict future cash flows.
3. Accruals have a positive and significant effect on earnings persistence. Accounting earnings that contain accruals will experience disruption due to transitory events which will later disrupt and cause low quality accruals and low earnings persistence. So that the greater the accrual contained in accounting profit, the lower the persistence of accounting profit. Conversely, the lower the accrual contained in accounting profit, the higher the earnings persistence.
4. Debt levels, cash flow volatility, accrual amounts simultaneously have a significant effect on earnings persistence. This means that each independent variable can affect the dependent variable, namely earnings persistence.

The following are suggestions from the author to improve the results of further research:

1. This study only uses 9 companies, the researchers suggest expanding the sampling by increasing the number of companies so that the research results are more accurate.
2. Future research is expected to increase the observation period so that the results of the study can be described in a clear and general manner.
3. Adding other research variables such as stock price volatility, corporate governance, and so on and including companies that experience losses in order to provide more realistic conditions.

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