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The Effect of Audit fee , Good Corporate Governance , Managerial Ownership, Debt Level, Operational Cash Flow Volatility and Firm Size on Earnings Persistence

(Empirical Study of Manufacturing Companies Listed on the Indonesia Stock Exchangeyear 2017-2020)

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Abstract: This study aims to determine the effect of audit fees, good corporate governance, managerial ownership, debt levels, operating cash flow volatility and firm size on earnings persistence by studying manufacturing companies listed on the Indonesia Stock Exchange for the 2017-2020 period. Types of quantitative research. This study uses secondary data in the form of a company's annual financial statement document. The sample of this research is 73 companies. Testing Multiple linear regression analysis using SPSS Version 21. The results showed that the variables of managerial ownership, debt level, operating cash flow volatility and firm size had a significant effect on earnings persistence, while audit fees and good corporate governance as proxied by independent commissioners had no effect. significant to earnings persistence.

Keywords:*Earnings Persistence, Audit Fee, Good Corporate Governance , Managerial Ownership, Debt Level, Operational Cash Flow Volatility, Firm Size.*

I. INTRODUCTION

Indonesia has a variety of companies that produce a variety of different goods and services, one of which is a manufacturing company. The number of industrial sectors of manufacturing companies in the era of globalization, every company strives to produce quality goods and services according to its era in order to compete and maintain its reputation both in the domestic and global markets. One of the ways that companies take to stay afloat and compete is to evaluate the company's performance measurement. Measurement of company performance plays an important role in making strategies and evaluating the achievement of company goals as seen from the financial statements. Financial statements are the results of company performance where there is information that can be used by company management and investors to find out company profits or profits (Siddiq et al., 2017)

Financial statements in the form of profits are used by investors, management and creditors for decision making. Earnings information is used by creditors and investors as an evaluation tool for managers' performance, predicting earnings power, and to estimate future profits earned by the company and the amount of funds provided depends on the conditions and prospects of the company (Achyani et al., 2015) . Quality earnings, if presented as well as possible, describe the company's performance and describe sustainable earnings (Ahabba&Sebrina, 2020). This reflects that earnings persistence arises when the company is able to improve its performance to create quality earnings information, so that under such conditions, investors will be interested in responding to stock movements that are still stable rotating in the stock market (Jao et al., 2020).

Earnings persistence is a measure to determine the quality of company earnings. According to Fanani (2010) in a company's financial report, earnings persistence is used as a reference for users who expect high earnings persistence. The purpose of the establishment of the company is to obtain high profits because users of financial statements pay attention to the quality of the company's high earnings. High profits are not enough because the company shows the actual situation without any manipulation so that it can estimate the next year's profit. For investors, high profits are not a benchmark for investing but pay attention to the persistence of company profits in the future. Persistent profits are profits that do not often fluctuate in each period and are generally more stable (Fadilah&Wijayanti, 2017).

Several factors can affect earnings persistence, the first factor is *audit fee. The audit fee* is how much the auditor gets in terms of the risk of working on the financial statements, the level of difficulty based on the services to be provided and the ability of an expert auditor in carrying out professional report examinations. The size of *the audit fee* paid by the company will affect the quality of financial statements and the quality of earnings which then causes an increase in earnings persistence.

The second factor is *good corporate governance* . The implementation of *good corporate governance* is a must for every company to achieve the company's performance goals well so that it can produce high earnings quality which will show the persistence of sustainable earnings in the coming year to increase. The existence of good company earnings quality will show consistent earnings persistence.

The third factor is managerial ownership. Managerial ownership where a manager has two roles as company manager and shareholder. So that managers do not want the company to go bankrupt because it will harm managers not only acting as management but also as investors. So managers work hard for the company in order to obtain high profits which can affect the persistence of earnings in the future.

The fourth factor is the level of debt. Debt is one way for companies to obtain additional capital from outside parties. The amount of the company's debt level will affect the persistence of high profits in the future because the company must have a source of capital to develop its business in order to produce maximum profit.

The fifth factor is the volatility of operating cash flows. Operating cash flow volatility is an important part of a financial statement because operating cash flow activities can affect earnings persistence. If the cash flow is in a state of flux, the persistence of earnings will be lower.

The last factor is company size. Watts and Zimmerman (1978) explain that firm size affects the ethics of financial reporting. The size of the company is seen from the rapidly growing company, many investors are interested in investing and the easier it is for companies to obtain funding sources from internal and external parties. The larger the size of the company, the higher the profit so that it can increase the persistence of earnings in the future.

This study adopts the *audit fee variable* from Douglas et al (2020) and Mahendra&Suardikha (2020) showing different research results. The variable *of good corporate governance* is proxied to the independent board of commissioners (Nurochman&Sholikhah, 2015). While the variables of managerial ownership, debt level, operating cash flow volatility and firm size are based on research by Fanani (2010), Dewi&Putri (2015), Khafid (2012), Ganitri&Supadmi (2016), Annisa&Kurniasih (2017), Arisandi&Astika (2019), Saptiani&Fakhroni (2020), Tuffahati et al (2020) and Pratomo&Nuraulia (2021) showed inconsistent research results.

II. LITERATURE REVIEW AND DEVELOPMENT HYPOTHESES

Signal Theory

This theory is used as a reference in this study, regarding important information that investors need to know about the condition of the company. Ross (1977) states that there are two types of information provided by companies to investors, namely information that leads to good and bad company conditions regarding future job prospects associated with subsequent earnings persistence. Signal theory explains that the provision of information is expected to convince external parties regarding the profits presented by the company, thus making outsiders believe that the profits presented are true in accordance with the company's performance and are not the result of engineering actions to increase profits in order to provide a positive signal for external parties (Mumtazah&Purwanto, 2020).

Agency Theory

Agency theory has a relationship with *good corporate governance* and managerial ownership. Agency theory is an agency conflict between the agent and the *principle* (owner) because the agent (manager) in carrying out the obligations of the principle (owner) can be made possible to act according to his own wishes according to human assumptions, so that he can make the financial statements presented by the agent (manager) not by personal interests (Saputri & Achyani, 2014) . The interests of these two parties are conflicting between management and investors, the possibility of the persistence of company profits in the future is difficult to predict. So to reduce the agency conflict, the company needs to create *agency costs* , one of which is in the form of *bonding costs* , which are borne by these agents including time and energy in preparing financial statements as accountability to the principal (Jensen &Meckling, 1976).

Earnings Persistence

Earning persistence is an estimate *of* future earnings that can create earnings stability and high earnings quality according to *company* goals (*sustainable)* (Nuraini&Purwanto, 2014). Penman (2001) in Fanani (2010) that persistent earnings are earnings that reflect the sustainability of earnings *(sustainable earnings)* in the future. The company can maintain its earnings from year to year shows the persistence of quality earnings, and illustrates the company does not make actions that can deceive users of information, because stable profits do not fluctuate too sharply. Earnings quality is income that reflects the continuation of future earnings and the company's true financial performance.

Audit Fee

Audit fee can be described as the amount of fees (wages) charged by the auditor for the company's audit process. The audit fee is established based on the terms of the financial statement audit process time, the services required, and the number of staff required for the audit process, as agreed upon by the auditor and auditee. (El-Gammal, 2012). According to (Rizky&Ghozali, 2017) lower fees for services than those charged by previous public accountants will raise doubts about the auditor's ability to apply technical principles and applicable professional standards. Auditors play an important role in ensuring the quality of the company's financial statements before reporting them to certain parties. With this audit, it is useful to add to the completeness of financial statements that can be trusted, to convince customers, to clarify the accuracy and assurance of financial statements.

Good Corporate Governance

Good corporate governance is the principle of a company's management to improve company performance according to company goals. Good corporate governance is the responsibility of the board as a group, to carry out its duties with the support of management and staff, in accordance with the wishes of members, constitution and laws, and ideally in partnership with stakeholders (Shil, 2008). *Good corporate governance* is the key to a company's success to grow and develop so that it is useful in the long term to face competition throughout the world, especially companies that have developed and gone public (Achyani & Lovita, 2021) . The existence *of corporate governance* can make investors believe that managers will benefit them, believe that managers will not embezzle or invest in unprofitable projects related to the capital that investors have invested in the company (Prasinta, 2012). *Good corporate governance* system is expected to be able to maximize its business for various interests that can provide benefits for the company and everyone involved in the company.

Managerial ownership

Managerial ownership is how big the proportion of ordinary shares owned by management is measured by the percentage of ordinary shares owned by management so that they can make company decisions (Prasetyo&Pramuka, 2018). Management acts as an agent and also as a shareholder. Managerial ownership gives managers the opportunity to own shares, so managers are not only paid for the benefit of the company but are treated as shareholders. The existence of share ownership, managers will be careful in acting because they are responsible for the decisions taken. So that they will further improve their performance to run the company and can add value to the company.

Debt Level

Debt is a mandatory liability that must be paid due to credit transactions and must be repaid within a predetermined period of time. The level of debt is to compare between the company's debt and total assets. The existence of a debt policy because the company must spend large funds to finance operational activities in companies that are lacking. The high level of corporate debt illustrates the high issuance of debt (bonds) in the company (Mahendra&Suardhika, 2020). The amount of the company's debt level will make the company perform as well as possible so that it is seen by investors, creditors and auditors, so that creditors will provide funds and facilitate the payment process (Fanani, 2010).

Operating Cash Flow Volatility

The cash flow statement describes the details of the cash flows of receipts and disbursements of a business in the form of cash inflows and cash investments from investors. Information about cash flows is useful for someone with an interest in financial statements as a foundation for determining the company's capacity to produce cash and cash equivalents and for determining the company's requirements for future cash flows..*Operating cash flow volatility* is used as a proxy for operating cash flow, with the aim of investors using accounting information in order to predict the future state of the company, and also the future cash flows generated by the company are seen through the company's past *track record* .The volatility of operating cash flows shows how volatile the cash obtained by the company is in each year of the financial reporting period.

Firm Size

Firm size can be used to see the company's financial condition and performance. The measurement of company size is seen from the amount of total assets because the total asset value is generally very large compared to other financial variables (Rahmawati et al, 2015). The company size indicator is carried out in two ways , namely the number of assets and sales. Total assets are sources of wealth owned by the company. If the assets owned are large, the company can invest well and meet product demand, so that it will expand market share. The increasing number of sales can cover the production costs incurred and the company's profit will increase. So the size of the company to determine the company's ability to control in order to generate maximum profit. The size of the company's assets can invest and meet product demand for interested owners, it expands market share. Large companies are used as the basis for broad stakeholders , so that the various strategies of large companies will affect the public interest more than small companies (Nuraini&Purwanto, 2014).

Hypothesis

1. Effect *of Audit Fee* on Earning Persistence.

According to Choi et al (2010) in Siregar and Kiswara, 2018 the higher the incentives issued by the client, the more auditors choose the company to audit their financial statements. The higher the salary for the auditor, the better and more accurate the quality of the financial statements will be. Mahendra and I Made Sadha (2020) research that audit fees have a positive effect on earnings persistence.

H1: *Audit fees* have a significant effect on earnings persistence

2. The Effect of *Good Corporate Governance* on Earning Persistence.

Companies that have good governance will minimize the manipulation of financial statements (Bistrova& Lace, 2012). If the company has *good corporate governance* , then the profit information conveyed to all parties will be systematic, accurate, relevant and timely and the sustainable profit reporting will continue to be good. In this study, the variable of *good corporate governance is* proxied to the variable of the independent board of commissioners. Khafid's research (2012) shows that independent commissioners have an effect on earnings persistence.

H2: Good Corporate Governance has a significant effect on earnings persistence.

3. Effect of Managerial Ownership on Earning Persistence.

The amount of share ownership by the manager will increase the company's performance and earnings persistence. Jumiati and Ratnadi (2014) use managerial ownership to determine future profits as seen from the persistence of earnings, the higher the management owns shares in the company, the more important the sense of responsibility towards financial statements is. Jumiati and Ratnadi (2014) research shows that managerial ownership has a positive effect on earnings persistence.

H3: Managerial ownership has a significant effect on earnings persistence.

4. Effect of Debt Level on Earning Persistence.

Debt explains that the amount of obligations that must be paid by the company to creditors at a certain maturity. Loans given by creditors must have interest due and certain producers that must be obeyed. If the company's profit does not cover the agreed interest, it is unable to pay the principal of the debt, there is a risk of failure experienced by the company. The amount of debt owned by the company must be able to improve the quality of performance for the better. Therefore, a large level of debt will make the company must be able to generate high profits so that profit persistence increases. The results of the research by Tuffahati et al (2020) show that the level of debt has a positive effect on earnings persistence.

H4: Debt Level has a significant positive effect on earnings persistence.

5. Effect of Operating Cash Flow Volatility on Earnings Persistence

Earnings persistence can be seen from the value of the financial statements of operating cash flows each year. Consistent operating cash flow information has little volatility. Cash flow fluctuates causing cash flow in the future period to be difficult to predict. High volatility experiences low earnings persistence. Fanani (2010) shows that the greater the cash flow volatility of a company, the lower the earnings persistence.

H5: Operating Cash Flow Volatility has a significant effect on earnings persistence.

6. The Effect of Firm Size on Earning Persistence.

The size of the company is seen from the number of assets, the size of the company's assets can reflect the condition of the company and investors will like companies with a large amount of assets. So that the size of the company can predict the persistence of earnings in the future . Large company sizes can earn high profits so that the persistence of profits from each period can be estimated. Previous research by Arisandi and Astika (2019) showed that firm size had a positive effect on earnings persistence. Based on the description above, it can be formulated the hypothesis in this study as follows:

H6: Firm Size has a significant effect on earnings persistence.

III. METHOD

Population, Sample, and Sampling Technique

Quantitative techniques are used in this study. The financial statements of manufacturing companies registered on the Indonesia Stock Exchange in 2017–2020 make up the study's population. Sampling in this study using *purposive sampling technique* . The criteria in this study are as follows:

1. Manufacturing companies listed on the Indonesia Stock Exchange in 2017-2020.

2. Manufacturing companies that publish annual financial reports for the 2017-2020 period consecutively on the IDX.

3. The financial statements of the company shall use the rupiah currency.

4. Companies that have profits in the 2017-2020 period in a row.

This study uses secondary data. The information is presented in the form of published financial reports from manufacturing companies that were listed on the Indonesia Stock Exchange between 2017 and 2020. Information can be found on www.idx.co.id and the websites of manufacturers.

Definition of Operational Variables and Their Measurement

Dependent Variable

The dependent variable of this research is earnings persistence. Earnings persistence that has a consistent state does not experience a decrease in profit every period, so it is easy to predict in the future . The calculation of earnings persistence is based on the formula: Profit before tax for the year using the ratio data scale and is measured in the following way (Jumiati&Ratnadi, 2014)

$$\textbf{PTBIt} = \frac{\boldsymbol{Labasebelumpajaktahunberjalan}}{\boldsymbol{Rata-ratatotalaset}}$$

Independent Variable

Audit Fee

Measurement *of audit fees* is obtained from the *professional fees account* listed in the financial statements of manufacturing companies listed on the Indonesia Stock Exchange (IDX). After that, it is continued by calculating the natural logarithm of the professional fees (Pambudi and Ghozali, 2013).

Good Corporate Governance

In this study, calculating good corporate governance using the proportion of independent commissioners is calculated by dividing the number of independent commissioners by the number of commissioners in the company (Yuliani&Prastiwi, 2021). The equations are as follows:

$$\textbf{DKI} = \frac{JumlahDewanKomisarisIndependen}{JumlahDewanKomisaris}$$

Managerial ownership

Managerial ownership is the number of shares owned by the management, directors and commissioners in the company. Managerial ownership measurement:

$$\textbf{KM} = \frac{Jumalahsahammanajerial}{Jumlahsahamyangberedar}$$

Debt Level

Debt policy is a way to obtain funding when the company lacks capital, in addition to selling shares in the capital market. Debt level measurement:

$$\textbf{DAR} = \frac{TotalHutang}{TotalAset}$$

Operating Cash Flow Volatility

Operating cash flow volatility is the change in the value of operating cash flows in the financial statements each year. The operating cash flow volatility formula (Saptiani and Fakhroni 2020) is as follows:

$$\textbf{VAKO} = \frac{\sigma(CFO)_t}{TotalAset}$$

Information :
σ :Standard Deviation
(CFO)t : The company's operating cash flow during the study period
Total Assets : Total assets of the company

Firm Size

Measuring the size of the company is seen from the size of the total assets owned by the company, the larger the assets, the larger the company size, and the smaller the assets, the smaller the company size. The formula for calculating company size is as follows:

UK = (***Ln) Total Asset***

Data analysis method

The method of analysis to determine the persistence of earnings in this study using multiple regression analysis, to test the effect of the independent variable on the dependent variable. The multiple linear regression model in this study is shown in the equation:

$$\textbf{PL} = \alpha + \beta 1\ AF + \beta 2\ GCG + \beta 3\ KM + \beta 4\ TH + \beta 5\ VK + \beta 6\ UK + \varepsilon$$

Information:
PL: Earnings Persistence
α: Constant
β1: Coefficient
ε:error
AF :*Audit Fee*
GCG :*Good Corporate Governance*
KM: Managerial Ownership
TH : Debt Level
VK : Operating Cash Flow Volatility
UK : Company Size

IV. FIGURES AND TABLES

Results of Analysis and Discussion

Descriptive Statistical Analysis

Table IV.1

Descriptive Statistical Analysis

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
PersistensiLaba (Y)	254	.-16,00	220,00	57,3071	44,02757
Audit Fee (X1)	254	15425,00	28656,00	21616,0394	1981,24616
GCG (X2)	254	00,00	833,00	394,0000	133,93066
KepemilikanManajerial (X3)	254	00,00	947,00	499,7795	348,49741
Tingkat Hutang (X4)	254	3,00	1000,00	383,8228	183,66647
VolatilitasArusKasOperasi (X5)	254	10,00	176,00	50,7441	30,15535
Ukuran Perusahaan	254	25796,00	33495,00	28692,0984	1603,77118
Valid N (listwise)	254				

Source: Data processed with SPSS

Based on the descriptive statistical analysis test above, it shows that the dependent variable, namely earnings persistence (Y) has a minimum value of -16,00 and a maximum value of 220,00 with an average of 57,3071 and a standard deviation of 44,02757. From the results of descriptive statistical analysis that the independent variable, namely *audit fee* ,has an average value of 21616,0394 and a standard deviation of 1981,24616 with a minimum value of 15425,00 and a maximum value of 28656,00. *Good corporate governance* has an average value of 394,000 and a standard deviation of 133,93066 with a minimum value of 0.00 and a maximum value of 833,00. Managerial ownership has an average of 499,7795and a standard deviation of 348,49741 with a minimum value of 0,00 and a maximum value of 947,00 . The level of debt has an average of 383.8228 and a standard deviation of 183,66647 with a minimum value of 3,00 and a maximum value of 10000,00.The operating cash flow volatility has an average value of 50.7441 and a standard deviation of 30,15535 with a minimum value of 10.00 and a maximum value of 176,00.The size of the company has an average of 28692.0984 and a standard deviation of 1603,77118 with a minimum value of 25796,00 and a maximum value of 33495,00.

Normality test

Table IV.2

Normality test

		Unstandardized Residual
N		254
Normal Parameters a,b	Mean	0,0000000
	Std. Deviation	34,754498460
Most Extreme	Absolute	0,079
Differences	Positive	0,079
	Negative	-0,047
Kolmogorov-Smirnov Z		1,261
Asymp. Sig. (2-tailed)		0,083

Source: Data processed with SPSS

The test used the One Sample Kolmogorov-Smirnov statistical test method. Based on the table above if the value of Asymp. Sig .(2-tailed) is greater than 0,05, so it can be concluded that the residual data is normally distributed. The results of this study using the normality test with the Kolmogorov-Smirnov One Sample method, the results obtained a significant value of 0,083 greater than 0,05, which means the data is normally distributed.

Multicollinearity Test

Table IV.3
Multicollinearity Test Results

Colinearity Statistics

Variabel	Tolerance	VIF	Keterangan
Audit Fee	0,417	2,396	Tidakterjadimultikolinieritas
Good Corporate Governance	0,912	1,097	Tidakterjadimultikolinieritas
KepemilikanManjerial	0,900	1,112	Tidakterjadimultikolinieritas
Tingkat Hutang	0,879	1,138	Tidakterjadimultikolinieritas
VolatilitasArusKasOperasi	0,822	1,216	Tidakterjadimultikolinieritas
Ukuran Perusahaan	0,374	2,675	Tidakterjadimultikolinieritas

Source: Data processed with SPSS

From the test results, the *tolerance value for the audit fee* variable is 0,417, good corporate governance is 0,912, managerial ownership is 0.900, debt level is 0,879, operating cash flow volatility is 0,822 and company size is 0,374. The value of *VIF* on audit fee variables is 2,396, good corporate governance is 1,097, managerial ownership is 1,112, debt level is 1.138, operating cash flow volatility is 1,216 and firm size is 2,675. The results of the multicollinearity test in table IV.4 show that there is no independent variable that has a tolerance value of less than 0,10 and the results of the *Variance Inflation Factor(VIF)* also shows that there is no independent variable that has a *VIF value* of more than 10.

Heteroscedasticity Test

Table IV.4
Heteroscedasticity Test Results

			Unstandardized Residual
Spearman's rho	Audit Fee (X1)	Correlation Coefficient	0,042
		Sig. (2-tailed)	0,505
		N	254
	GCG (X2)	Correlation Coefficient	0,029
		Sig. (2-tailed)	0,647
		N	254
	KepemilikanManajerial (X3)	Correlation Coefficient	-0,002
		Sig. (2-tailed)	0,974
		N	254
	Tingkat Hutang (X4)	Correlation Coefficient	0,076
		Sig. (2-tailed)	0,228
		N	254
	VolatilitasArusKasOperasi (X5)	Correlation Coefficient	0,120
		Sig. (2-tailed)	0,055
		N	254
	Ukuran Perusahaan (X6	Correlation Coefficient	0,032
		Sig. (2-tailed)	0,614
		N	254
	Unstandardized	Correlation	1,000

Residual	Coefficient	
	Sig. (2-tailed)	
	N	254

Source: Data processed with SPSS

The statistical test of this research used *Spearman rank* . Based on the table above, if the value of Sig (2-tailed) is greater than 0,05, then there is no symptom of heteroscedasticity. The results showed a significant value on the variables audit fee 0,505, good corporate governance 0,647, managerial ownership 0,974, debt level 0,228, operating cash flow volatility 0,55 and firm size 0,614 it can be concluded that there is no symptom of heteroscedasticity because the significant value is greater than 0,05.

Autocorrelation Test

Table IV.5

Autocorrelation Test Results

Model	Durbin-Watson
1	2,127

Source: Data processed with SPSS

The results of the Durbin-Watson test show that the value is 2,127. The table value uses a significant value of 0,05 (5%), in this study the number of samples (n) was 254 and the number of independent variables (k) was 6, so that the value of du = 1,838 and the value of d1 = 1,763. The results of the Durbin Watson test that the value of du is 1,838 is smaller than the DW value is 2,127 or DW is 2,127 is smaller than (4-DU) is 2,162, so it can be concluded that there is no autocorrelation in the regression model used in this study.

Multiple Linear Regression Analysis

Table IV.6
Multiple Linear Analysis Test
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Eror	Beta	T	Sig.
(Constant)	-250,576	45,564		-5,499	0,000
Audit Fee (X1)	0,000	0,002	0,018	0,233	0,816
GCG (X2)	-0,001	0,017	-0,004	-0,071	0,943
KepemilikanManajerial (X3)	0,022	0,007	0,177	3,345	0,001
Tingkat Hutang (X4)	-0,108	0,013	-0,450	-8,392	0,000
VolatilitasArusKasOperasi (X5)	0,641	0,081	0,439	7,930	0,000
Ukuran Perusahaan (X6)	0,010	0,002	0,377	4,595	0,000

Source: Data processed with SPSS

The multiple linear regression model of the study is shown in the equation:

$$\mathbf{PL = \alpha + \beta 1\ AF + \beta 2\ GCG + \beta 3\ KM + \beta 4\ TH + \beta 5\ VK + \beta 6\ UK + \varepsilon}$$

Information:
PL: Earnings Persistence
α: Constant
β1, 2, 3,4,5,6: Coefficient value change
ε:error

AF :*Audit Fee*
GCG :*Good Corporate Governance*
KM :Managerial Ownership
TH :Debt Level
VK: Operating Cash Flow Volatility
UK :Company Size
Based on the results of the multiple linear regression test in Table IV.7 above, the regression equation is obtained as follows:
PL= -250,576 + 0,000 AF + -0,001 GCG + 0,022 KM + -0,108 TH + 0,641 VK + 0,010 UK+ ε

T Uji test

Table IV.7
T . Test Results

Variabel	T	Sig.	Keterangan
(Constant)	-5,499	0,000	
Audit Fee (X1)	0,233	0,816	TidakSignifikan
GCG (X2)	-0,071	0,943	TidakSignifikan
KepemilikanManajerial (X3)	3,345	0,001	Signifikan
Tingkat Hutang (X4)	-8,392	0,000	Signifikan
VoaltilitasArusKasOperasi (X5)	7,930	0,000	Signifikan
Ukuran Perusahaan (X6)	4,595	0,000	Signifikan

Source: Data processed with SPSS

Based on the table above, the test results obtained that:
1. The test results in this study indicate that the partial hypothesis test (t test) is that the value of = 0,05 (level of significance) is greater than the value of the *audit fee* or the value of 0,816 > 0,05.
   H1 is rejected: *audit fees* have no significant effect on earnings persistence.
2. The test results in this study indicate that the partial hypothesis test (t test) is that the value of = 0,05 (level of significant) is greater than the value of *good corporate governance* or the value of 0,943 is greater than 0,05.
   H2 is rejected: *good corporate governance* has no significant effect on earnings persistence.
3. The test results in this study indicate that the partial hypothesis test (t test) is that the value of = 0,05 (level of significance) is smaller than the value of managerial ownership or the value of 0,001 is smaller than 0,05.
   H3 is accepted: managerial ownership has a significant effect on earnings persistence.
4. The test results in this study indicate that the partial hypothesis test (t test) is that the value of = 0,05 (level of significant) is smaller than the value of the debt level or the value of 0,000 is smaller than 0,05.
   H4 is accepted: the level of debt has a significant effect on earnings persistence.
5. The test results in this study indicate that the partial hypothesis test (t test) is that the value of = 0,05 (level of significant) is smaller than the operating cash flow volatility value or 0,000 value is smaller than 0,05.
   H5 is accepted: operating cash flow volatility has a significant effect on earnings persistence.
6. The test results in this study indicate that the partial hypothesis test (t test) is that the value of = 0,05 (level of significant) is smaller than the firm size value or 0,000 is smaller than 0,05.
   H6 is accepted: firm size has a significant effect on earnings persistence.

F Uji test

Table IV.8
F . Test Results

F	Sig.	Information
24,987	0.000	Significant

Based on the results of the F test, it can be seen that the data that has been processed can be said to be feasible for research. This is evidenced by a significant level of 0,000 < 0,05 .

Coefficient of Determination R^2

Table IV.9
R^2 . Test Results

Model	R	R Square	Adjusted R Square
1	0,614	0,377	0,362

Source: Data processed with SPSS

Based on the results of the R^2 test, the Adjusted R Square value is 0,362 or 36.2 % . This means that the disclosure of earnings persistence can be explained by 36.2 % by the variables *of audit fees, good corporate governance* , managerial ownership, debt levels, operating cash flow volatility, and firm size. Meanwhile , 63.8 % of earnings persistence disclosures are explained

Discussion of Analysis Results

1. Effect *of Audit Fee* on Profit Persistence

According to the results of the hypothesis testing, the audit fee variable does not affect profits persistence because its significant value is 0,816 > 0,05. The quantity or height of the company's audit fees, which cannot influence the company's profits to expand, is what causes the absence of the effect of audit fees on earnings persistence. The findings of this study are consistent with those of researchers Douglas et al (2020), who found no relationship between audit fees and earnings persistence.

2. The Effect of *Good Corporate Governance* on Profit Persistence

The test results reveal that the independent board of commissioners variable, which serves as a proxy for the good corporate governance variable, has a significant value of 0,943 > 0,05 and does not affect earnings persistence. Because an expanding independent board of commissioners will lower the quality of earnings in the company's financial accounts, an independent board of commissioners has no impact on the persistence of earnings. The findings of this study are consistent with those of researchers Nurochman and Solikhah (2015), who demonstrated that there was no evidence to support a significant impact of the independent board of commissioners on earnings persistence.

3. Effect of Managerial Ownership on Profit Persistence

The test results show that the managerial ownership variable has a significant value of 0,001 < 0,05, then the managerial ownership variable has an effect on earnings persistence. The influence of managerial ownership on earnings persistence because the large proportion of managerial ownership of shares in the company will affect the level of company performance. The results of this study are in line with researchers Pratomo and Nuraulia (2021), Jumiati&Ratnadi (2014) and Khafid (2012) showing that managerial ownership has a positive effect on earnings persistence.

4. Effect of Debt Level on Profit Persistence

According to the test results, the debt level variable has an impact on earnings persistence since it has a significant value of 0,000 < 0,05. Because management has a big duty on the firm and wants to keep profits high so that the company is constantly viewed favorably by investors, there is an influence of debt levels on earnings persistence. The greater the company's debt level, the higher the company's performance will be. The study's findings are consistent with those of researchers Fanani (2010), Putri and Supadmi (2016), and Tuffahati et al. (2020), who have found that the amount of debt a person owes significantly affects their ability to maintain a steady income.

5. Effect of Operating Cash Flow Volatility on Earnings Persistence

The results of hypothesis testing indicate that the operating cash flow volatility variable has a significant value of 0,000 < 0,05, so the operating cash flow volatility variable has an effect on earnings persistence. The existence of the influence of operating cash flow volatility on earnings persistence because the magnitude of the operating cash flow value is positive indicating that the company's performance is good, so that the longer operating activities in the company in one period will increase earnings persistence. The results of this study are in line with researchers Annisa and Kurniasih (2017), Saptiani and Fakhroni (2020) showing that operating cash flow has an effect on earnings persistence.

6. The Effect of Firm Size on Profit Persistence

The results of hypothesis testing indicate that the firm size variable has a significant value of 0,000 <0,05, then the firm size variable has an effect on earnings persistence. The larger the size of the company, the higher the persistence of earnings so that it has a significant effect. The results of this study are in line with researchers Dewi and Putri (2015) and Arisandi and Astika (2019) showing that firm size has a positive effect on earnings persistence.

CONCLUSION

The goal of this study is to gather empirical data on the relationship between audit fees, sound corporate governance, managerial ownership, debt levels, operating cash flow volatility, and firm size on the persistence of earnings in manufacturing companies listed on the Indonesia Stock Exchange between 2017 and 2020. A good company, according to this study, has an audit fee variable that has no significant impact on earnings persistence, good corporate governance, as represented by an independent board of commissioners, that has a significant impact on earnings persistence, managerial ownership that has a significant impact on earnings persistence, debt level that has a significant impact on earnings persistence, and five other variables that have no significant impact on earnings persistence.

This study has limitations that affect the results of the study, including the small sample of companies that have successive profits from the period 2017 to 2020, thus making the sample small, the data outliers in this study so that the results of the study reduce the sample unlike the initial number., there are audit fees and good corporate governance variables that have not had a significant effect, but other variables can be measured. Considering the study that has been done, there are several suggestions that can be given to further researchers, including further research can examine other factors that can affect earnings persistence, further research can take more samples aimed at better data accuracy in their research. Based on these limitations and shortcomings, the researcher hopes that future studies will consider this topic.

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