

Persistence of Company Profits in Indonesia: Analysis of Factors That Influence It

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Abstract

The purpose of this research is to evaluate the relationship between human capital (also known as human capital) and job satisfaction as it relates to employee performance in the Department of Food Crops Agriculture's Ciamis District. In this study, a quantitative approach is taken, and survey methods and questionnaires are used to collect primary data. Employees of the Ciamis Regency Food Crops Agriculture Office volunteered their time to participate in this study. Statistical methods, such as multiple regression analysis, will be utilized in the process of analyzing the data that was obtained. According to the findings, the performance of workers at the Department of Agriculture and Food Crops, Ciamis Regency, is affected both partially and concurrently by human capital as well as the level of pleasure expressed by customers. It is anticipated that the administration of the Ciamis Regency Food Crops Service will gain helpful insights from this research, which can then be used in the establishment of appropriate policies and programs for the development of human resources. Additionally, the findings of this research have the potential to make a contribution to a more comprehensive investigation of the factors that influence employee performance within the framework of the agricultural industry.

Keywords: *Human Capital, Human Resources, Job Satisfaction, Employee Performance.*

INTRODUCTION

The primary objective of the company is to generate optimal financial gains in order to facilitate the expansion of its operations or, at the very least, sustain its existence amidst progressively challenging economic and competitive circumstances (Tang, 2015). In order to accomplish organizational objectives, firms are required to adopt innovative measures and enhance their business management practices (Chesbrough, 2010). Typically, all companies own financial reports that serve the purpose of furnishing information pertaining to their financial standing (Lennard, 2007). Financial reports are essentially the outcome of the accounting process, serving as a valuable instrument for interested parties to ascertain the financial facts and operations of a firm (Lantto, 2022).

Financial reporting is a crucial aspect of managerial accountability, as it involves the effective management of a company's resources and the dissemination of relevant information to stakeholders who have a vested interest in the organization (Bricker & Chandar, 2000). In the realm of corporate finance, financial reports serve as a

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valuable reservoir of company financial data, which may be leveraged as a foundation for various decision-making processes. These judgments encompass evaluating the efficacy of management, establishing appropriate remuneration for management personnel, distributing dividends to shareholders, and other related considerations (Palepu et al., 2020). The primary objective of financial reports is to furnish comprehensive information regarding the financial status, financial performance, and cash flow activities of an organization, which is deemed valuable for a wide range of users in facilitating their economic decision-making processes (Jones et al., 1995).

One of the key pieces of information that analysts seek when examining a company's annual financial report is data pertaining to the company's profitability. According to Graham et al. (2005), firm profits hold paramount significance within an organization. Schipper and Vincent (2003) suggest that profit is a fundamental element inside financial reporting, serving as a foundational factor for informing organizational decision-making processes. Profit can be defined as the residual amount obtained after income is subtracted by expenses and losses. The inclusion of profit in financial reporting serves as a valuable metric for evaluating the effectiveness of resource allocation by management (Beatty & Harris, 1999).

Profits must be consistent in order to deliver dependable information. Focus among users of financial reports is on earnings persistence, particularly those who anticipate high earnings persistence (Baber et al., 1998). According to Penman (2010), earnings persistence is the accounting profit anticipated for the future that is reflected in current earnings. Profits of a company that will be able to survive in the future are of high quality. Consequently, earnings persistence is frequently viewed as a metric for evaluating the character of sustainable earnings. (Yoo & Kim, 2015). Profit that can serve as an indicator of prospective earnings generated repeatedly (repetitively) over the long term (sustainably). (Penman & Zhang, 2002) Sustainable profit persistence is expressed as high-quality profits, whereas anomalous profit persistence is expressed as low-quality profits.

The discussion of company profits cannot be separated from the issue of book-tax differences caused by disparities between accounting principles and tax laws. Unquestionably, book-tax differences can affect the profitability of a business. The book-tax difference is the difference between accounting profit and fiscal profit (Wahab & Holland, 2015). The differences between accounting profit and fiscal profit (book-tax differences), according to Tang and Firth (2011), are the result of temporary and enduring differences. Existence of different regulations regarding the recognition of income and costs between Financial Accounting Standards and the provisions of Tax Laws and Regulations results in the existence of income and cost transactions that are recognized according to accounting but not according to fiscal or vice versa, resulting in no tax consequences. (Gunarto, 2019) Deferred compensation should be recognized. In the meantime, temporary

differences or time differences arise due to differences in the timing of recognition of income and costs in calculating profits according to Financial Accounting Standards and according to the provisions of Tax Laws and Regulations, resulting in taxable amounts that will increase taxable profits in the following year, necessitating the recording of deferred tax liabilities and the recognition of deferred tax expenses (Chandra et al., 2009).

Numerous studies on transient book tax differences have been conducted in the past, including one by Pereira et al. (2023) indicating that temporary differences positively affect earnings persistence. This study's findings are consistent with Zhou's (2016) findings that transient differences have a significant influence on earnings persistence. In contrast, other research conducted by Tang and Firth (2011) indicates that transient differences have no significant effect on earnings persistence.

In addition to temporary differences in book tax differences, a number of other sources assert that the scale of a company affects the durability of profits. Scale, which is reflected in performance, is one metric for evaluating a company (Coviello et al., 2000). Scale is typically determined by a company's total revenue, average sales level, and total assets (Lepoutre & Heene, 2006). The larger the business, the larger the anticipated profit. High profit growth, which may be indicative of a profit-modification scheme, will have an effect on the company's ability to sustain profits and attract potential investors. Large companies are regarded as capable of sustainably enhancing the quality of their profits through a series of initiatives designed to improve company performance, so investors are more likely to invest in them. In general, there are three firm size categories: large firm, medium firm, and small firm. The total assets of a company determine its stage of maturity; the greater the total assets, the greater the company's long-term prospects (Guillamon-Saorin et al., 2012). According to Lin et al. (2019), a company's effectiveness can be determined by its size. Large companies are commonly viewed as able to continue to improve their company performance by endeavoring to increase the quality of their profits, which inspires investor confidence.

Several prior studies have offered explanations and evidence concerning the relationship between firm size and profit persistence. Frankel and Litov (2009) state that the scale of a company has a substantial positive effect on earnings persistence. According to additional research conducted by Agugom et al. (2015), firm size has a positive effect on profit persistence, and the larger the firm, the better it will be at tax planning and managing company finances. Tax planning is considered an essential aspect of book tax differences. Tax planning is a series of activities designed to minimize the tax burden on taxpayers through the use of legal schemes that do not diminish the quality of profits.

The researchers were interested in reexamining the factors that influence earnings persistence, specifically the influence of transient

differences in book tax differences and firm size, in light of the issues raised by previous research or what could be termed a research gap. This investigation was conducted between 2016 and 2019 on Indonesia Stock Exchange-listed manufacturing companies. The selection of manufacturing companies listed on the Indonesia Stock Exchange as the sample for this study is based on the fact that a substantial number of their financial reports have been audited by public accountants, thereby enhancing the validity and quality of the data.

LITERATURE REVIEW

Profit Persistence

Persistent profit refers to the capacity of profit to serve as a reliable predictor of the company's future earnings over an extended period of time (Fatma & Hidayat, 2019). There exists a strong correlation between profit persistence and the attainment of high-quality profits. According to Aaker and Jacobson (1994), quality accounting profits refer to accounting profits that exhibit little or negligible levels of perceived noise, thereby accurately reflecting the true financial performance of a corporation. In the study conducted by Kormendi and Lipe (1987), it was observed that perceived disruptions in accounting profits might be attributed to either temporary occurrences or the implementation of the accrual concept in accounting. Transitory events refer to occurrences that are limited to certain time periods rather than being continuous, leading to significant changes in accounting profit or loss.

According to Gschwandtner (2005), the degree of profit persistence can be determined by the extent of improvement in profitability. A consistent level of profit indicates the continuity of financial gains, whereas persistent profit refers to the absence of fluctuations across different time periods. Profit persistence can be examined from two perspectives. The first perspective pertains to the overall success of a company, as evidenced by its profits. Consistently high earnings suggest the potential for sustained profitability in the future. Furthermore, the persistence of profits is associated with the performance of capital market equity prices, which are manifested as stock returns that exhibit a high degree of earnings persistence. According to Ayres (1994).

Book Tax Differences

Book tax discrepancies refer to variations in the calculation of profit, which can be determined either by accounting principles, also known as commercial profit, or by tax legislation, also referred to as fiscal profit. Tax laws are responsible for governing the development of fiscal financial reports, whereas the preparation of commercial financial reports is regulated by Financial Accounting Standards. The utilization of various frameworks for the formulation of financial reports can result in disparities in the computation of corporate gains or losses. The

variation described above is the underlying cause for the concept of book-tax disparities in tax analysis, as discussed by Mills (1998).

According to Resmi (2019), the disparities observed between commercial financial reports and fiscal financial reports can be attributed to variances in accounting principles, accounting methods and procedures, recognition of income and costs, as well as the treatment of income and costs. The observed disparities arise from variations in recognition and measurement provisions between financial accounting standards (SAK) and tax rules. The causes underlying these disparities are commonly categorized as either permanent or enduring variances, as well as transient or time-based differences. Permanent disparities arise due to the recognition of income and expense transactions in accordance with commercial accounting principles, which differ from those applied in fiscal accounting. According to fiscal regulations (Resmi, 2019), discrepancies between accounting IDXng and taxable income might lead to a net profit or loss. Temporary or time differences arise as a result of disparities in the timing of revenue and expense recognition between tax and accounting practices. The observed disparity is of a transitory nature, as it is anticipated to be rectified during the subsequent timeframe.

Firm Size

Zimmerman (1983) posits that the concept of firm size encompasses the magnitude and dimensions of a corporation, and may be assessed by several metrics such as total assets, logarithmic size, stock market value, among others. According to Hall and Weiss (1967), firm size refers to the aggregate value of assets possessed by a corporation, as indicated on the left-hand side of its balance sheet. In the study conducted by Oi and Idson (1999), firm size is defined as the aggregate value of a company's debt and equity, which is equivalent to its total assets. firms can be classified into two distinct categories: major firms and small companies.

Kim et al. (2003) argue that firm size can serve as an indicator of a company's ability to attract skilled and competent human resources, as well as its capacity to establish effective corporate governance practices, hence facilitating further organizational growth. Moreover, when the size of a firm increases, its capacity to leverage quality audit services also grows, thus enhancing the company's perceived worth among creditors and investors. Investors commonly prioritize firm size as a crucial factor, as it is believed to reflect the company's capacity to earn profits and sustain them over time.

Various parameters can be utilized to ascertain the magnitude of a company, including the quantity of employees engaged in executing operational activities, the aggregate sales attained within a given timeframe, the quantity of assets possessed, and the number of outstanding shares. In this study, the researcher employs total assets as a metric for assessing the magnitude of firms. There exists a positive correlation between the size of a firm and the level of persistence

exhibited by the company's earnings. On the contrary, as business size decreases, there is a corresponding decrease in profitability.

The Effect of Temporary Differences on Profit Persistence

The presence of disparities in accounting standards and tax legislation gives rise to variations in the valuation of financial statements, including the element of temporary variances. Temporary disparities, as stated by (Resmi, 2019), encompass several factors such as the acknowledgment of uncollectible debts, the devaluation of physical assets, the gradual reduction of intangible assets or rights, and the assessment of inventory worth. When a deferred tax liability or deferred tax asset is recognized, the company is obligated to settle the deferred tax amount, resulting in a subsequent impact on profits, which can either drop or grow. Consequently, this has implications for the persistence of profits. According to a study conducted by Dewi and Putri (2015), transient changes have a significant impact on the durability of profits. This finding is further corroborated by further research undertaken by Septavita et al. (2016). Based on the aforementioned description, the subsequent hypothesis is derived:

H₁: Temporary differences influence earnings persistence

The Influence of Firm size on Profit Persistence

Romasari (2013) posits that the performance of a corporation might be influenced by its size. Investors typically exhibit greater trust in large corporations due to the perception that these entities possess the ability to sustain and enhance their organizational performance through concerted efforts aimed at augmenting the quality of their earnings. According to Siregar and Utama (2006), it has been shown that large companies in the maturity stage demonstrate a higher level of stability and profitability compared to small companies. In the case of stable enterprises, the likelihood of attaining profits is typically characterized by a high degree of certainty. Conversely, in the context of small enterprises, it is probable that the acquired earnings will exhibit a lack of stability due to a diminished level of profit certainty. Based on the preceding explanation, the author posits that the factor of firm size exerts an impact on the permanence of earnings. The aforementioned hypothesis is derived:

H₂: Firm size influences profit persistence

Temporary Differences and Firm size

The primary objective of this study is to ascertain the potential impact of the independent variables, namely transitory differences and firm size, on the dependent variable of profit persistence. This research demonstrates the significant impact of the combined variables on the level of profit persistence. In addition, it is noteworthy to observe the extent to which external factors beyond the independent variables, namely transient differences and business size, might exert an

influence on the persistence of profits. Based on the aforementioned description, the subsequent hypothesis is derived:

H₃: Temporary differences and firm size jointly influence earnings persistence.

METHOD

This study employs quantitative methodologies and adopts an associative framework. The dependent variable is a variable that is subject to the influence of the independent variable. This study examines the relationship between earnings persistence and its influencing factors, specifically temporary disparities in book-tax discrepancies and business size. The dependent variable in this research is earnings persistence, while the independent variables are the aforementioned factors that influence the dependent variable.

The study's population comprises manufacturing enterprises that were listed on the Indonesia Stock Exchange (IDX) from 2016 to 2019. A total of 142 manufacturing businesses were successively listed on the IDX (Indonesia Stock Exchange) from 2016 to 2019. The purposive sampling technique was employed in this study due to the fact that not all samples fulfilled the research criteria. Consequently, the number of manufacturing businesses that satisfied the sample criterion amounted to 47 companies, which was then multiplied by the given number. The study spanned from 2016 to 2019, including a duration of four years. Consequently, the total number of observations collected for analysis amounted to 188.

The research employs documentation procedures as a means of secondary data collection. The documentation data collection technique involves the systematic acquisition and analysis of documents for research purposes. Sugiyono (2019) posits that documents encompass several forms, including written texts, visual representations, and significant creations attributed to an individual. The selected dataset comprises financial reports from manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the period spanning 2016 to 2019. These reports have been chosen as representative samples from the IDX.

The data analysis method used in this research is the panel data regression analysis method (pooled regression). Panel data regression analysis is a combination of time series data with cross section data. Data were processed using statistical software, namely Microsoft Excel and Eviews 9. Data processing activities with Ms. Excel covers data calculations and creating tables and graphs. Meanwhile, data processing with Eviews 9 was used to carry out significant testing of panel data regression analysis.

RESULTS AND DISCUSSION

Descriptive statistics

Table 1 shows the results of descriptive statistics with a sample size of 47 companies during the 2016-2019 period.

Table 1 Calculation of Descriptive Statistical Tests

	Temporary Differences	Firm size	Persistence Of Profits
Mean	-0.061552	10.33245	0.139103
Median	0.000817	11.65727	0.098389
Maximum	0.172972	13.30674	0.743982
Minimum	-12.35739	5.885067	0.001782
Std. Dev.	0.901911	2.337328	0.129237
Observations	188	188	188

Source: Eviews 9 Output Results

From table 1 above it can be interpreted as follows:

1. Profit Persistence (Y)

Profit persistence refers to the significance of profit, which is determined through a ratio scale utilizing the formula of pre-tax profit divided by the average total assets. Based on the findings derived from the descriptive analysis conducted on the data collected throughout the research duration, it is evident that the profit persistence exhibits a range from 0.001782 to 0.743982, with a corresponding data dispersion of 0.129237. The company PT. Multi Bintang Indonesia Tbk exhibits the highest persistence value, which is recorded as 0.743982. On the other hand, the company PT. Nusantara Inti Corpora Tbk demonstrates the lowest value of profit persistence, amounting to 0.001782.

2. Temporary Differences Book Tax Differences (X1)

The temporary difference observed during the research period can be seen from the output results, that the lowest temporary difference value is -12.35739 and the highest is 0.172972. The average (mean) temporary difference is -0.061552 and the degree of data spread is 0.901911. The highest permanent difference value is at PT Darya-Varia Laboratoria Tbk and the lowest is at PT Kino Indonesia Tbk.

3. Firm size (X2)

The firm size observed during the research period can be seen from the output results, that the lowest firm size value is 5.885067 and the highest is 13.30674. The average (mean) firm size is 10.33245 and with a degree of data distribution of 2.337328. The highest temporary difference value is at PT Kalbe Farma Tbk and the lowest is at PT Akasha Wira International Tbk.

Classic Assumption Test

1. Multicollinearity Test

Multicollinearity Test Results can be seen in table 2 below:

Table 2 Multicollinearity Test Results

	Temporary Differences	Firm size
Temporary Differences	1,000000	0.022027
Firm size	0.022027	1,000000

Source: Eviews 9 Output Results

From the output results in table 2, the correlation between X1 (temporary differences) and X2 (firm size) is 0.022, there is no correlation between the independent variables which is high above 0.80. so that in this study there was no multicollinearity between the independent variables.

2. Heteroscedasticity Test

Multicollinearity Test Results can be seen in table 3 below:

Table 3 Heteroscedasticity Test Results

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.379098	Prob. F(2.185)	0.6850
Obs*R-squared	0.767345	Prob. Chi-Square (2)	0.6814
Scaled explained SS	1.765046	Prob. Chi-Square (2)	0.4137

Source: Eviews 9 Output Results

From the output table 3, the results of the Breusch-Pagan-Godfrey test indicate that there is no heteroscedasticity as indicated by the Prob value. Chi-Square 0.06814 > the significance level (0.05).

Panel Data Regression Analysis

After testing the classical assumptions, panel data regression analysis can then be determined. Following are the test results in table 4 below:

Table 10 Fixed Effect Model Calculation

Dependent Variable: PROFIT PERSISTENCE?

Variables	Coefficient	Std. Error	t-Statistics	Prob.
C	2.260954	0.450354	5.020397	0.0000
TEMPORARY_DIFFERENCE	0.023466	0.010569	2.220345	0.0280
COMPANY_SIZE	-0.205218	0.043526	-4.714871	0.0000
Effects Specific cation				
Cross-section fixed (dummy variables)				
R-squared	0.946125	Mean dependent var		0.139103
Adjusted R-squared	0.927520	SD dependent var		0.129237
SE of regression	0.034793	Akaike info criterion		-3.659481
Sum squared resid	0.168269	Schwarz criterion		-2.815940
Log likelihood	392.9912	Hannan-Quinn Criter.		-3.317710
F-statistics	50.85471	Durbin-Watson stat		2.103184
Prob(F-statistic)	0.000000			

Source: Eviews 9 Output Results

Based on Table 4 above, the panel data regression equation can be arranged as follows: $Y = 2.260954 + 0.023466TD - 0.205218SIZE$. The results of the regression equation will be explained as follows:

1. The constant value (α) obtained is 2.260954, this shows that the independent variable causes an increase in profit persistence of 2.260954.
2. The regression coefficient for the TD variable (temporary difference) is 0.023466. This shows that for every 1 percent increase in temporary differences, profit persistence will increase by 0.023, assuming the values of other independent variables remain constant.
3. The regression coefficient for the SIZE variable (firm size) is -0.205218. This shows that every 1 percent increase in firm size will reduce profit persistence by 0.205, assuming the values of other independent variables remain constant.

Hypothesis Testing

1. Partial Test (t Test)

Partial test results can be seen from table 4 below:

Table 5 t Test Results

Variables	Coefficient	Std. Error	t-statistic	Prob.
C	2.260954	0.450354	5.020397	0.0000
Temporary Differences	0.023466	0.010569	2.220345	0.0280
Firm size	-0.205218	0.043526	-4.714871	0.0000

Source: Eviews 9 Output Results

Based on Table 5 above, the influence of the independent variable on the dependent variable can be interpreted as follows:

- a. the variable
- b. Testing of the variable

2. Coefficient of Determination (R^2)

The results of the Coefficient of Determination Test (R^2) can be seen from table 6 below:

Table 6 Determination Coefficient Test Results

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.946125	Mean dependent var	0.139103
Adjusted R-squared	0.927520	SD dependent var	0.129237
SE of regression	0.034793	Akaike info criterion	-3.659481
Sum squared resid	0.168269	Schwarz criterion	-2.815940
Log likelihood	392.9912	Hannan-Quinn Criter.	-3.317710
F-statistics	50.85471	Durbin-Watson stat	2.103184
Prob(F-statistic)	0.000000		

Source: Eviews 9 Output Results

Based on Table 5, the adjusted R^2 is 0.927520, indicating that variations in the value of earnings persistence can be explained simultaneously or are influenced by the variables of temporary differences and firm size in this study, which is 92.75%, while the remaining 7.25% is explained by other factors outside the research.

The Effect of Temporary Differences on Profit Persistence

The analysis performed using the t-test (specifically, the partial significant test) reveals that the probability value for the transient difference is 0.028, which is lower than the conventional threshold of 0.05. This finding suggests that partial transient differences have a statistically significant impact on the persistence of profits among IDX-listed manufacturing companies from 2016 to 2019. The analysis of regression reveals a positive coefficient of 0.023466, indicating a direct relationship between transient differences and earnings persistence. In particular, a larger magnitude of temporary differences indicates a greater likelihood of observing a higher level of earnings persistence, whereas a smaller magnitude of temporary differences indicates a lower level of earnings persistence.

This observation supports the claim made by Hidayat and Fauziyah (2020) regarding the occurrence of such occurrences. Temporary differences comprise several elements, such as deferred tax assets, deferred tax liabilities, deferred tax revenue, and deferred tax expenses, which have an impact on both the balance sheet and the

profit and loss statement. Positive accounting adjustments will result in the recognition of deferred tax income, while negative accounting adjustments will result in the recognition of deferred tax expenses. If there is an increase in transitory differences, it will result in a little impact on the current profit after tax, but a significant impact on future profits. The forthcoming fiscal year is anticipated to see a substantial influence on earnings, thereby establishing a favorable correlation with profit persistence. The research findings pertaining to the impact of temporary differences on earnings persistence can be attributed to the implementation of policies for the measurement and recognition of income and expenses. These policies result in the deferral of profits to subsequent periods, thereby exerting a significant influence on the persistence of earnings. This study aligns with the studies undertaken by Dewi and Putri (2015) and Septavita (2016), which suggests that transient changes have a significant impact on the permanence of profits.

The Influence of Firm size on Profit Persistence

According to the available test results, the firm size variable has a probability value of 0.000, indicating statistical significance at the 0.05 level of significance. This indicates that the data provide evidence of a considerable relationship between the firm size variable and profit persistence among manufacturing firms listed on the IDX from 2016 to 2019. The regression coefficient for firm size is -0.205218, indicating that there is a negative relationship between firm size and profit persistence. This implies that as the scale of a business increases, the likelihood of profit persistence decreasing also increases, and vice versa.

As posited by the author, this phenomenon arises due to the magnitude of the organization, as quantified by its aggregate assets. The author contends that a greater number of company assets corresponds to an elevated depreciation value of said assets, consequently augmenting the depreciation expense and exerting an influence on profit valuation. In addition, this viewpoint posits that despite huge organizations reaching the stage of maturity, it signifies their enhanced capacity to generate profits compared to small companies, as well as their possession of substantial resources that may be used for a broader range of activities. Large corporations also encounter heightened political sensitivity. The influence of political sensitivity extends to the realm of political expenses. Political expenses encompass the interference of governmental entities, the levying of taxes, and a range of additional requisitions. This study aligns with the research conducted by Nuraeni et al. (2018), which suggests that the size of a corporation has an impact on the persistence of profits.

Temporary Differences and Firm size on Profit Persistence

The findings from the hypothesis testing conducted on the combined influence of temporary changes and firm size on earnings persistence reveal a p-value of 0.0000, which falls below the preset

significance criterion of $\alpha = 0.05$. Hence, it can be inferred that there exists a concurrent impact of both temporary differences and company size on the persistence of earnings in manufacturing firms that are listed on the IDX within the timeframe of 2016-2019. The results of the study suggest that the coefficient of determination reveals a strong relationship between profit persistence and the independent factors being examined, specifically transitory differences and company size. These variables collectively explain for 92.75% of the variability found in the data. The remaining 7.25% of the variance can be ascribed to factors that lie outside the purview of the independent variables.

CONCLUSION

Based on the aforementioned research, it can be concluded that short-term variations have a significant impact on the profitability of manufacturing companies listed on the IDX from 2016 to 2019. A probability value that is below the significance level () serves as proof of this. Within manufacturing businesses that are listed on the IDX from 2016 to 2019, the size of a firm has a significant impact on the persistence of earnings. A probability value that is below the preset significance level () serves as proof of this. The combined presence of the independent factors, transitory differences and firm size, significantly influences the dependent variable, profit persistence in manufacturing companies listed on the IDX during the period of 2016–2019. A probability value that is below the preset significance level () serves as proof of this. The fact that this study only includes industrial businesses that are listed on the IDX as a research sample has certain obvious limitations. Incorporating categories of organizations listed on the IDX other than the one described above may produce different results. In this study, manufacturing companies that were listed on the IDX (Indonesia Stock Exchange) between 2016 and 2019 are used as a sample. These businesses display a variety of traits. Major discrepancies in the statistics are caused by the sample companies' independent variable counts differing significantly from one another. Future researchers should have the chance to increase the sample size by include extra samples from different kinds of companies listed on the Indonesia Stock Exchange. Further research can incorporate additional independent factors that could potentially have an impact on earnings persistence. It is also anticipated that they will prolong the observation period or time range. These initiatives are intended to advance our knowledge of the topic. There are other factors that could potentially have an impact on the sustainability of profit.

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