International Journal of Current Economics & Business Ventures, 5 (2) 2025, 373-385
International Journal of Current Economics & Business Ventures
https://scholarsnetwork.org/journal/index.php/ijeb

THE EFFECT OF DEBT LEVEL, MANAGERIAL OWNERSHIP AND OPERATING CASH FLOW ON PROFIT PERSISTENCE

Rania Hanim, I Gusti Ketut Agung Ulupui, Muhammad Yusuf
@gmail.com
Faculty of Economy and Business, Universitas Negeri Jakarta, Indonesia

Abstract:
This study aims to analyze the influence of debt level, managerial ownership, and operating cash flow on earnings persistence in non-cyclical consumer goods industry companies listed on the Indonesia Stock Exchange during the 2021–2023 period. The research is conducted using a quantitative approach through panel data regression analysis, which combines time series and cross-sectional methods. The data employed in this study were obtained from the Financial Statements and Notes to the Financial Statements of each company in the non-cyclicals consumer sector listed on the IDX. The total sample comprises 108 observations drawn from 36 companies over the 2021–2023 period, determined using a purposive sampling method. Panel data regression was performed using the EViews application. The findings indicate that the Operating Cash Flow variable has a significant positive effect on earnings persistence, whereas the Debt Level and Managerial Ownership variables do not have any effect on earnings persistence. These findings are expected to provide insights and serve as an evaluation material for companies to focus their financial strategies more on operational efficiency in order to maintain sustainable earnings.

Keywords: Earnings Persistence, Debt Level, Managerial Ownership, Operating Cash Flow, Non-cyclicals.

BACKGROUND

The Covid-19 pandemic, which has gripped the world since early 2020, has had a significant impact on various sectors of life, particularly the economic sector. According to the Ministry of Finance's Directorate General of State Assets, via its website (www.djkn.kemenkeu.go.id), the Covid-19 pandemic has had a significant impact on the Indonesian economy, one of which is the disruption of the global supply chain due to regulatory policies requiring factory and office closures and disruption of goods distribution channels due to lockdowns. Under these conditions, companies that cannot survive are threatened with bankruptcy. In Indonesia, the consumer goods industry, such as food and beverages, is one of the important sectors supporting the country's economic performance. According to the Ministry of Industry, through its press release published on its website (www.kemenperin.go.id), in the first quarter of 2022, the consumer goods industry contributed 37.77% of the Gross Domestic Product of the non-oil and gas processing industry. This statement is also supported by observations by the Central Statistics Agency (BPS), which stated that although the consumer goods industry experienced a decline during the pandemic, it has begun to recover in the past five years and is an industry that experienced positive growth in 2020 (Harahap & Hani, 2024).

In the case of PT Mayora Indah Tbk, as reported on its website (www.kompasiana.com), the company, with the stock code MYOR, reported sales of IDR 5.38 trillion in the first quarter of 2020. Compared to sales of IDR 6.01 trillion in the first quarter of 2019, this figure represents a 10.55% decrease. Nevertheless, MYOR's net profit in 2020 increased year-on-year to IDR 931.39 billion, or 99.72%. This was due to the weakening rupiah exchange rate during the

Covid-19 pandemic, which enabled MYOR to profit from exchange rate differences and other income. Furthermore, a decrease in raw material purchases, advertising, and interest expenses is also an indicator supporting a faster increase in net profit compared to sales. This phenomenon actually motivates company management to continue launching new products to stimulate consumer interest, even during the pandemic (Kompasiana.com, 2021). This also motivates companies in other sectors to compete to improve their performance to achieve corporate goals and avoid the risk of bankruptcy.

In general, the primary purpose of a company is to generate profit. Earnings persistence is a crucial aspect because it helps economic decision-makers assess a company's financial condition. This is because the more persistent a company's earnings, the easier it is for investors to predict its future earnings (Mariani & Suryani, 2021). Therefore, company earnings are considered essential to provide reliable information. However, it is unfortunate that many companies still use earnings management techniques incorrectly.

A similar phenomenon occurred at PT. Tiga Pilar Sejahtera Food, a company with the issuer code AISA, was founded on January 26, 1990, and operates in the fields of trade, industry, and electricity. In 2017, two subsidiaries of PT. Tiga Pilar Sejahtera Food, Tbk, namely PT. Indo Beras Unggul and PT. Jati Sari Rezeki were suspected of fraudulent practices in rice sales by producing rice that did not match the label information. The impact of this incident was that AISA's stock price fell significantly. This incident made the company's management decide to polish the company's financial statements for the 2017 period. However, due to suspicions, finally in December 2018 the new management of the company appointed Big 4 KAP, namely Ernest & Young, to conduct a re-audit investigation on the company's 2017 financial statements that had previously been audited by KAP Aryanto Amir Jusuf and Mawar. The results found an inflation of funds amounting to 4 trillion in accounts receivable, inventory, and fixed assets. In addition, AISA was also found guilty of financial reporting manipulation for its revenue accounts, having recorded fictitious revenue of IDR 662 billion as sales in the company's 2017 annual financial report (Kompasiana.com, 2022).

This research was conducted on manufacturing companies in the non-cyclical consumer goods sector because this sector tends to use higher debt than other sectors to finance its assets. Therefore, companies need to maintain profit persistence to convince investors to invest in the company. Based on processed data, the researchers found approximately 98 companies in the non-cyclical consumer goods sector listed on the Indonesia Stock Exchange.

Research by Sevendy et al. (2022) states that debt levels influence profit persistence. However, research by Gusnita & Taqwa (2019) found that debt levels do not influence profit persistence. Research by Abdillah et al. (2021) found that operating cash flow influences profit persistence. However, research by Mia Oktavia (2022) found that operating cash flow does not influence profit persistence.

Based on the explanation above, the researcher sees a research gap related to earnings persistence, where there are still inconsistent results from previous studies related to the influence of debt levels, managerial ownership and operating cash flow on earnings persistence.

THEORETICAL FRAMEWORK

Agency Theory

According to Jensen and Meckling (1976), agency theory defines an agency relationship as a contract in which one or more individuals (principals; business owners) engage with another individual (agents; business management) to perform some service on behalf of the principal. In the business context, limited individual capabilities often hinder business operations, necessitating cooperation and collaboration from various parties. In general, a company can also be formed through a cooperative relationship between several mutually interested parties, such as the relationship between capital owners and managers. Capital owners have the ability to invest their funds for the company's needs and generate profits, while management has the ability to apply their knowledge in managing the company for sustainable growth. One popular theory emphasizing the relationship between capital owners and managers is agency theory. Agency theory was introduced in 1976 by Michael C. Jensen and William H. Meckling. According to Jensen and Meckling (1976), agency theory describes a contractual relationship between capital owners (principals) and managers (agents). In the corporate context, capital owners are represented by shareholders, while managers are represented by management. This relationship between the two parties is often referred to as an agency relationship, which occurs when a principal delegates authority to an agent for the purpose of providing services, including acting as a representative in decision-making. Therefore, all management actions must be based on an agreement approved by shareholders. Therefore, establishing an agency relationship must be based on aligned goals to maximize company performance (Nuraulia & Pratomo, 2019).

However, the relationship between a principal and an agent can inherently give rise to agency conflicts, as each individual has different interests. The principal's desire is directed toward the company's going concern goals, while the agent focuses on their own well-being in managing the company (Endiana & Suryandari, 2021). Research by Andari (2017) suggests that differing interests based on wealth levels encourage agents to pursue personal interests that appear to fulfill the principal's needs. In this position, agents tend to report company profits opportunistically to satisfy their personal interests (Rizqi et al., 2020).

Earnings Persistence

According to the Financial Accounting Standards Board (1980), profit is relevant information related to an entity, capable of predicting future company performance. Profit is defined as the difference between total revenues and total expenses (Dewi et al., 2018). In his book, Subramanyam (2017, p. 98) explains that profit serves the purpose of measuring changes in shareholder wealth during an accounting period while simultaneously estimating the company's level of profitability. Profit information presented in financial statements is one of the most sought-after pieces of information by stakeholders because it can be used as a basis for decision-making, such as investment decisions, partnership decisions, and credit decisions. In the decision-making process, stakeholders generally require information relevant to the company's condition, one of which is high-quality earnings. According to Marpaung (2019), a profit can be considered high-quality if the reported profit reflects the company's actual profit and can be used to predict profit in the following period.

According to research conducted by Marpaung (2019), earnings quality is a key aspect of financial reporting for users. High earnings quality provides numerous benefits, such as reflecting a company's relevant operating performance, serving as a parameter for achieving good operating performance in the future, and indirectly revealing the company's intrinsic value. One measure of earnings quality is characterized by sustained profit generation in each period, resulting in persistent and stable earnings over the long term (Agus Petra et al., 2020).

According to research conducted by Dechows et al. (2010), earnings quality can be measured using three approaches:

1. The external indicator approach (external indicator of earnings misstatements), which includes accounting and auditing enforcement releases (AAERs), restatements, and inefficiencies in internal control procedures under the Sarbanes-Oxley Act.

2. The investor responsiveness to earnings approach, which includes the earnings response coefficient (ERC).

3. The properties of earnings approach, which includes earnings persistence, residual accrual model accruals, magnitude of accruals, timely loss recognition, earnings smoothing, and target beating.

In this study, the researchers chose to measure the quality of a company's earnings using the properties of earnings approach. The properties of earnings are considered capable of helping financial statement users more clearly understand the quality of earnings information presented in the financial statements, thus facilitating the appropriate decision-making process (Yolanda & Mulyani, 2019). The properties of earnings dimension used in this study is the persistence of earnings dimension. According to research conducted by Fanani (2010), the FASB Conceptual Framework states that the persistence of earnings dimension is considered quite relevant to the concept of decision usefulness and the purpose of accounting information, namely to provide useful information to assist investors and creditors in decision-making.

$$\text{Earnings Persistence} = \frac{\text{Profit before tax it} - \text{Profit before tax it} - 1}{\text{Total assets it}}$$

Debt

According to the Indonesian Institute of Accountants (IAI), in its Conceptual Framework for Financial Reporting (2019), debt is defined as a present obligation of an entity to transfer electronic resources as a result of past events. Research conducted by Dewi et al. (2018) divides debt into two categories: short-term debt and long-term debt. Short-term debt is a company's obligation that must be paid using current assets or by creating other current assets within one year. Examples of short-term debt include accounts payable, notes payable, sales taxes payable, unearned revenue, and outstanding expenses such as taxes payable, salaries payable, and others. Meanwhile, long-term debt is a company's obligation that must be paid within a period of more than one year or one operating cycle. Examples of long-term debt include bonds, debentures, term loans, and long-term notes.

Debt refers to funds explicitly borrowed by a company from various capital providers, such as investors through bond issuance or from financial institutions like banks (Subramanyam, 2017). Research conducted by As'ad et al. (2021) argue that companies generally use debt as a funding source because it is considered to have lower costs than the issuance costs of new shares. Using debt as a source of operational funding is also expected to increase the company's operating profit, exceeding the interest costs required. Furthermore, using debt as additional funding is believed to help companies maintain fixed costs in the hope of generating maximum profits (Mahawyahrti & Budiasih, 2017). The use of debt in operational activities indirectly requires companies to manage their debt levels effectively to enable business growth and maintain a positive public image.

Debt levels are defined as the amount of liabilities a company owes and must be paid within a specified period, regardless of the company's current financial condition (Luqyana Tuffahati et al., 2020). Debt levels are also often referred to as solvency levels, which indicate a company's ability to meet its long-term obligations. A company can be categorized as having a high level of solvency if it has sufficient assets and wealth to meet its obligations (Zaimah & Hermanto, 2018). The greater the level of debt a company has, the greater the additional capital it will obtain for operational activities, enabling the company to generate maximum and persistent profits (Arisandi & Astika, 2019).

According to Zaimah and Hermanto (2018), a high level of debt will motivate company management to increase profit persistence to maintain good performance in the eyes of auditors and creditors. With good performance, it is hoped that creditors will maintain confidence in the company and will disburse funds, thus facilitating the company's debt repayment. On the other hand, investors will also have a favorable view of companies with high levels of debt if they are able to generate persistent and sustainable profits (Arisandi & Astika, 2019).

Agency theory states that debt levels can be used as a tool to monitor management performance. The amount of debt can be considered a form of control over management decisions regarding the use of free cash flow. This situation requires management to manage cash flow as effectively as possible to meet company obligations, particularly in paying principal and interest on loans (Sintyawati & Made, 2018). If a company can meet its debt obligations, it can positively impact its financial performance, thereby maintaining profit persistence.

According to research conducted by Arisandi and Astika (2019), As'ad et al. (2021), Gunarto (2019), Gusnita and Taqwa (2019), Luqyana Tuffahati et al. (2020), and Nainggolan (2021), debt levels are measured using the solvency ratio, namely the debt-to-total asset ratio (DAR). This ratio is measured by comparing total debt to total assets owned by a company to indicate the composition of debt used to finance its assets (As'ad et al., 2021). The following is the formula used to measure debt levels used by Arisandi and Astika (2019), As'ad et al. (2021), Gunarto (2019), Gusnita and Taqwa (2019), Luqyana Tuffahati et al. (2020), and Nainggolan (2021):

$$Debt\ to\ Equity\ Ratio = \frac{Total\ Debt}{Total\ Equity}$$

Managerial Ownership

Managerial ownership is the percentage of share ownership held by company management, including commissioners and directors, who are actively involved in the decision-making process (Agustian, 2020). Based on the assumptions of agency theory, the divergence of interests between managers as agents and shareholders as principals has the potential to create agency conflicts between the two parties. Therefore, one method that can be implemented to mitigate these conflicts is through managerial ownership. According to Hastutiningtyas and Wuryani (2019), managerial ownership can minimize agency conflicts between managers and shareholders. A high level of managerial ownership reduces the likelihood of opportunistic behavior by managers (Sihotang, 2023).

Managerial ownership is one of several mechanisms of good corporate governance. In managerial ownership, managers not only act as agents responsible for managing the company but also act as shareholders (Arisandi & Astika, 2019). Another goal of implementing managerial ownership is for company management to maximize profits and thereby improve shareholder welfare. Shareholder welfare will increase if the company's stock price also increases (Dewi & Abundanti, 2019). According to Arisandi and Astika (2019), managerial ownership is often used as a motive for managers to maximize their performance in managing the company and fulfill the desires of shareholders, one of whom is themselves. Furthermore, managerial ownership is also considered an effective way for directors to monitor the performance of company managers (Meidiyustiani & Oktaviani, 2021).

$$Managerial\ Ownership = \frac{Number\ of\ shares\ owned\ by\ management}{number\ of\ ordinary\ shares\ outstanding}$$

Operating Cash Flow

According to Subramanyam (2017), operating cash flow is defined as all cash receipts related to revenue and all cash disbursements related to operating expenses, and not investment or financing activities. Meanwhile, according to Kieso et al. (2017), the cash flow statement is the primary report that reports transactions related to cash receipts, cash payments, and net changes resulting from a company's operating, investing, and financing activities during a specific period. In his book, Dwi Martani explains that the cash flow statement is divided into three sections according to their characteristics, as follows:

1. Operating Activities

Includes transactions related to operational activities reported in the income statement. These transactions are short-term in nature. The main accounts included in operating activities are non-cash current assets and current liabilities.

2. Investing Activities

Includes transactions related to changes in non-current assets, including investments and intangible assets.

3. Financing Activities

Includes transactions related to long-term liabilities and the company's equity as the company's primary sources of funding.

International Journal of Current Economics & Business Ventures, 5 (2) 2025, 373-385
International Journal of Current Economics & Business Ventures
https://scholarsnetwork.org/journal/index.php/ijeb

$$Operating\ Cash\ Flow = (Total\ Operating\ Cash\ Flow)/(Total\ Assets)$$

METHOD

The unit of analysis used in this study was manufacturing companies in the non-cyclical consumer goods sector listed on the Indonesia Stock Exchange for the period 2021–2023. The researchers chose this period because significant economic pressures, such as supply chain disruptions, activity restrictions, and declining consumer purchasing power, occurred during the 2021–2023 period, making this period a natural test of corporate profitability. The researchers chose manufacturing companies in the non-cyclical consumer goods sector because these companies produce and distribute basic necessities, which have relatively stable demand and are less affected by economic conditions.

The approach used in this study is quantitative. A quantitative approach emphasizes various aspects of measurement, calculation, and analysis using numerical data, which is then processed using statistical methods. This is useful for testing hypotheses that describe the relationship between the variables used in this study. In this study, the researchers used secondary data obtained from the annual reports or annual financial statements of manufacturing companies in the consumer goods sector listed on the Indonesia Stock Exchange.

The data collection technique used in this study was document review. This document review is a tool that can assist researchers in collecting data or information by examining letters, meeting summaries, written statements regarding specific policies, and other written materials related to the research (Ahmad & Sari, 2017). Researchers collected data in the form of annual financial reports, which will be adjusted for variables that influence profit persistence. The required annual reports are the annual reports of consumer goods companies listed on the Indonesia Stock Exchange for the 2021-2023 period. The literature study method was also applied in this study, where the data used were obtained through analysis of various relevant literature sources such as papers, journals, theses, dissertations, and other sources related to this research.

RESULT

Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
PL	-0,010	0,010	-1,014	0,312
TU	0,009	0,019	0,504	0,615
KM	0,001	0,026	0,055	0,955
AKO	0,158	0,050	3,133	0,002

Based on the panel data regression results in Table 4.8, the following panel data regression equation can be obtained:

PL = -0.010 + 0.009 TUit + 0.001 KMit + 0.158 AKOit + e

From the panel data regression model equation above, the following information can be obtained:

1. The constant coefficient C is -0.010, indicating that if the independent variables, namely debt level, managerial ownership, and operating cash flow, are each zero, then profit persistence, the dependent variable for non-cyclical consumer goods manufacturing companies listed on the Indonesia Stock Exchange for the 2021-2023 period, will be -0.010.

2. The regression coefficient value for the debt level variable is 0.009, indicating that every 1% increase in the debt level variable, assuming that other variables are held constant or zero, will result in a 0.009% increase in the earnings persistence variable, the dependent variable, for non-cyclical consumer goods manufacturing companies listed on the Indonesia Stock Exchange for the 2021-2023 period.

3. The regression coefficient value for managerial ownership is 0.001, indicating that every 1% increase in the managerial ownership variable, assuming that other variables are held constant or zero, will result in a 0.001% increase in the earnings persistence variable, the dependent variable, for non-cyclical consumer goods manufacturing companies listed on the Indonesia Stock Exchange for the 2021-2023 period.

4. The operating cash flow regression coefficient value obtained a value of 0.158 indicating that every 1% increase in the operating cash flow variable with the assumption that other variables are zero or fixed, it will cause an increase of 0.158% in the profit persistence variable as the dependent variable in manufacturing companies in the non-cyclical consumer goods industry sector listed on the Indonesia Stock Exchange for the 2021-2023 period.

DISCUSSION

1. The Effect of Debt Level on Earnings Persistence

Based on the panel data regression analysis, the debt level variable has a coefficient of 0.009 with a significance value of 0.615 >0.05, indicating that the debt level does not significantly influence earnings persistence. This is also supported by the t-statistic value of 0.504, which is much smaller than the t-table value of 1.982. Therefore, H0 is accepted and H1 is rejected, indicating that the debt level does not significantly influence earnings persistence.

Based on the descriptive statistical analysis, the average (mean) debt level is 0.389, with a standard deviation of 0.204, indicating significant debt diversity among the companies in this study sample. The maximum debt level value is 0.864, indicating that there are companies with a very high proportion of debt, while the minimum value is very small at 0.018, indicating capital structure inequality among companies. Fifty-eight companies had above-average debt levels, while 50 companies had below-average debt levels. This is one reason why the debt level variable's influence is not strong, as almost all of the samples used still have below-average values.

The findings of this study reject the hypothesis in Chapter II, namely that debt level has a significant effect on earnings persistence (H1), which is based on agency theory, where debt is viewed as an external monitoring mechanism that can pressure managers to improve earnings quality. Theoretically, high debt levels can reduce a company's financial flexibility and incur significant interest expenses. Companies tend to balance the tax benefits of debt with bankruptcy costs. However, if debt usage exceeds capacity, it can certainly lead to earnings instability, thus reducing earnings persistence.

The fact that debt level has no effect on earnings persistence also indicates that for companies operating in non-cyclical sectors, debt is not a major factor influencing long-term earnings stability. This is because these types of industries tend to be more stable and their funding needs are more predictable. Furthermore, for companies with a stable financial structure, even if their debt fluctuates, the company remains secure and its profits are not affected. Furthermore, not all debt is used productively, which could increase profit persistence; many other factors are more dominant. Therefore, while debt can theoretically be a managerial control tool, in practice, debt levels do not have a strong enough relationship to company profit persistence in this sector.

The results of this study align with research conducted by Firdousy et al. (2022) and Erwinsyah et al. (2022), which also stated that debt levels have no effect on profit persistence. According to Erwinsyah et al. (2022), higher debt levels do not necessarily lead to increased profit persistence.

2. The Effect of Managerial Ownership on Earnings Persistence

Based on the panel data regression analysis, the managerial ownership variable has a coefficient of 0.001 with a significance value of 0.955 > 0.05, indicating that managerial ownership does not significantly influence earnings persistence. This is also supported by the t-statistic value of 3.133, which is higher than the t-table of 1.982. Therefore, H0 is accepted and H2 is rejected, indicating that managerial ownership does not significantly influence earnings persistence.

Based on the descriptive statistical analysis, the mean value for managerial ownership is 0.087, but the median value is only 0.000 with a standard deviation of 0.151, indicating a highly right-skewed data distribution. Higher managerial ownership reflects a greater percentage of managerial ownership out of total outstanding shares. Some companies have very high levels of managerial ownership, while the majority have low levels. This could be one of the reasons for the inconsistent effect of managerial ownership on earnings persistence.

The findings of this study reject the hypothesis in Chapter II, namely that managerial ownership has a significant effect on earnings persistence (H2), which is based on agency theory. According to this theory, managerial ownership is considered an internal mechanism that can reduce this conflict. However, in this study, This study found that managerial ownership has not yet become a strong culture, making it insufficient to influence earnings persistence. In many Indonesian companies, particularly in the non-cyclical manufacturing sector, managerial share ownership is not yet widely implemented strategically.

The lack of a significant impact may also be due to management's role not being directly directed at maintaining long-term earnings stability, but rather focusing on achieving short-term targets or other strategies unrelated to share ownership. Furthermore, sectors such as non-cyclical consumer goods typically have stable demand, but are still influenced by external factors such as inflation, raw material costs, government policies, and so on. Therefore, even when managers are optimal, earnings can fluctuate due to external factors.

The results of this study align with research conducted by Wahyuni (2025), which found no effect of managerial ownership on earnings persistence. This study explained that the cause was the relatively small managerial ownership in each company, resulting in managers not feeling a shared interest with shareholders. This also increases the likelihood of managers engaging in fraudulent practices such as financial statement manipulation, thus preventing managerial ownership from influencing earnings persistence.

3. The Effect of Operating Cash Flow on Earnings Persistence

Based on the results of the panel data regression analysis, the operating cash flow variable has a coefficient of 0.158 with a significance value of 0.002 > 0.05, indicating a positive and significant effect of operating cash flow on earnings persistence. This is also supported by the t-statistic value of 3.133, which is higher than the t-table value of 1.982. Therefore, H0 is rejected and H3 is accepted, indicating that operating cash flow has a positive and significant effect on earnings persistence.

Based on the descriptive statistical analysis, the average value of the operating cash flow variable is 0.089, with a median value of 0.084 and a standard deviation of 0.079, indicating a homogeneous distribution of the data, thus making the effect of the operating cash flow variable more stable. Based on the data used in the research sample, companies with high operating cash flow values also tend to have high earnings persistence values, and vice versa. This results in a positive or consistent effect of operating cash flow.

The findings of this study align with agency theory, which explains that to reduce information asymmetry, indicators that are difficult to manipulate are needed. Operating cash flow cannot be manipulated as easily as accounting profit, making it a strong indicator of whether a company's profit is truly stable. If a manager knows that owners or investors monitor performance based on cash flow, they will be more careful in developing profit strategies, creating an effective aligning mechanism.

Cash flow is a tangible indicator of earnings quality. If a company has high and stable operating cash flow, then reported earnings also tend to be high quality and more persistent over time. In other words, the higher the operating cash flow, the greater the persistence of a company's earnings. Operating cash flow is influential because the cash flow statement provides tangible evidence that the company is actually generating cash. If cash flow is strong, the company's business can be considered healthy and its earnings tend to be stable over time.

The results of this study align with research conducted by Dara Bayuningtias et al. (2022), Denita and Safii (2022), and Winingrum and Adinda (2024). Bayuningtias et al. (2022) stated that with sufficient operating cash flow, a company does not need to increase external financing. Therefore, operating cash flow information can be used as a tool to check profit information and measure company performance. Cash flow information is considered to have a positive effect on profit persistence because the operating cash flow report is considered to provide all the information one wants to know about a company's performance during a certain period.

CONCLUSION

This study aims to analyze the effect of debt levels, managerial ownership, and operating cash flow on earnings persistence in companies in the non-cyclical consumer goods industry listed on the Indonesia Stock Exchange for the 2021–2023 period. The results of this study are as follows:

1. Based on the partial hypothesis calculation, it can be concluded that the debt level variable has no effect on earnings persistence. Although in theory, debt can be a monitoring tool for manager performance, in practice, in the non-cyclical consumer goods industry, debt is not a primary factor in determining earnings stability.
2. Based on the partial hypothesis calculation, it can be concluded that managerial ownership has no effect on earnings persistence. In some cases, managers do not have full strategic authority to influence long-term earnings, and their work focus is more directed at achieving short-term targets.
3. Based on the partial hypothesis calculation, it can be concluded that operating cash flow has a positive and significant effect on earnings persistence. Strong and stable cash flow is an indicator that a company's profits are truly supported by operational performance, not simply the result of accrual-based accounting, thus better reflecting quality and sustainable earnings.

BIBLIOGRAPHY

Abdillah, M. R., Putriana, A., & Tami, R. (2021). Pengaruh Arus Kas Operasi dan Ukuran Perusahaan Terhadap Persistensi Laba. *At-Tadbir : Jurnal Ilmiah Manajemen*, *5*(2), 120. https://doi.org/10.31602/atd.v5i2.4549

Aditiya, N. Y., Evani, E. S., & Maghfiroh, S. (2023). Konsep Uji Asumsi Klasik Pada Regresi Linier Berganda. *Jurnal Riset Akuntansi Soedirman*, *2*(2), 102–110. https://doi.org/10.32424/1.jras.2023.2.2.10792

Agus Petra, B., Rindy Citra Dewi, Fatma Ariani, & Bianda Quinta Syofnevil. (2020). Pengaruh Persistensi Laba dan Alokasi Pajak Antar Periode Terhadap Kualitas Laba Dengan Ukuran Perusahaan Sebagai Variabel Moderating (Studi Empiris Pada Perusahaan LQ45 yang Terdaftar Di Bursa Efek Indonesia Peroide 2014-2018). *Jurnal Ekonomi Manajemen Sistem Informasi*, *1*(4), 311–324. https://doi.org/10.31933/jemsi.v1i4.115

Agustian, S. (2020). Pengaruh Kepemilikan Manajerial, Ukuran Perusahaan, Leverage, Fee Audit, Arus Kas, Konsentrasi Pasar, Tingkat Utang, dan Box Tax Difference Terhadap Persistensi Laba (Studi Kasus Pada Perusahaan Property dan Real Estate yang Terdaftar di Bursa Efek Indone. *Platform Riset Mahasiswa Akuntansi*, *01*(02), 38–47. https://ojs.stiesa.ac.id/index.php/prisma

Aprilia Maharani Firdousy, Dirvi Surya Abbas, Daniel Rahandri, & Indra Gunawan Siregar. (2022). Pengaruh Ukuran Perusahaan, Tingkat Hutang, Kepemilikan Manajerial, Komite Audit Terhadap Persistensi Laba. *Jurnal Publikasi Ilmu Manajemen*, *1*(4), 44–56. https://doi.org/10.55606/jupiman.v1i4.664

Ardianti, R. (2018). Pengaruh Alokasi Pajak Antar Periode, Persistensi Laba, Profitabilitas, dan Likuiditas Terhadap Kualitas Laba (Studi Empiris Pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2012-2016). *Jurnal Akuntansi*, *6*(1), 85–102. https://doi.org/10.24964/ja.v6i1.593

Arisandi, N. N. D., & Astika, I. B. P. (2019). Pengaruh Tingkat Utang, Ukuran Perusahaan dan Kepemilikan Manajerial pada Persistensi Laba. *E-Jurnal Akuntansi*, *26*, 1845. https://doi.org/10.24843/eja.2019.v26.i03.p07

Ariyanti, D., Ermaya, H. N. L., & Nugraheni, R. (2021). Determinasi Persistensi Laba pada Perusahaan di Indonesia. *KORELASI: Konferensi Riset Nasional Ekonomi, Manajemen, Dan Akuntansi*, *2*, 1014–1032. www.cnbcindonesia.com

As'ad, I. F., Ulupui, I. G. K. A., & Utaminingtyas, T. H. (2021). Pengaruh Leverage dan Arus Kas Operasi Terhadap Kualitas Laba Melalui Persistensi Laba. *Jurnal Akuntansi, Perpajakan Dan Auditing*, *2*(2), 295–317. https://www.neliti.com/id/publications/136376/analisis-pengaruh-rasio-keuangan-terhadap-perubahan-laba

Asriyanti, W. Y., & Gunawan, J. (2020). Pengaruh Leverage dan Arus Kas Operasi Terhadap Persistensi Laba dengan Dewan Komisaris Independen Sebagai Pemoderasi. *Jurnal Ekonomi Trisakti*, *2*(2), 1035–1048. https://doi.org/10.25105/jet.v2i2.14744

Atul, U. N., Sari, Y. N. I., & Lestari, Y. J. (2022). Analisis Rasio Keuangan Untuk Mengukur Kinerja Keuangan Perusahaan. *E-Jurnal Akuntansi TSM*, *2*(3), 89–96. https://doi.org/10.34208/ejatsm.v2i3.1396

Dara Bayuningtias, Hesty Ervianni Zulaecha, Hamdani, H., & Samino Hedrianto. (2022). Pengaruh Arus Kas Operasi, Volatilitas Penjualan dan Ukuran Perusahaan Terhadap Persistensi Laba. *Jurnal Ekonomi, Bisnis Dan Manajemen*, *1*(4), 100–115. https://doi.org/10.58192/ebismen.v1i4.150

Darma, Budi. (2021). Statistika Penelitian Menggunakan SPSS (Uji Validitas, Uji Reliabilitas, Regresi Linear Sederhana, Regresi Linear Berganda, Uji t, Uji F, R^2). Guepedia.com. *Retrieved from* https://books.google.co.id/books?hl=id&lr=&id=acpLEAAAQBAJ&oi=fnd&pg=PA3&dq=Uji+Koefisien+Determinasi&ots=IZn0UZokT0&sig=cGVsqXD_Ulc3f1d4Ll9b8E0Ktsg&redir_esc=y#v=onepage&q=Uji%20Koefisien%20Determinasi&f=false

Dechow, P., Ge, W., & Schrand, C. (2010). Understanding earnings quality: A review of the proxies, their determinants and their consequences. Journal of Accounting and Economics, 50(2–3), 344–401.

Denita, O., & Safii, M. (2022). Pengaruh Tingkat Hutang, Arus Kas Operasi, Penghindaran Pajak dan Likuiditas Terhadap Persistensi Laba (Studi Empiris Pada Perusahaan Sektor Barang dan Konsumsi Subsektor Farmasi yang Terdaftar di Bursa Efek Indonesia Tahun 2015-2020). *Jurnal Revenue Jurnal Akuntansi*, *3*(1), 279–289. https://revenue.lppmbinabangsa.id/index.php/home/article/view/141

Devanka, D., Endiana, I. D. M., & Kumalasari, P. D. (2022). Analisis Faktor-Faktor yang Mempengaruhi Manajemen Laba Pada Perusahaan Manufaktur yang Terdaftar Di Bursa Efek Indonesia Periode 2018-2020. *Jurnal Kharisma*, *4*(1), 85–96. https://e-journal.unmas.ac.id/index.php/kharisma/article/download/4540/3525

Dewi, L. S., & Abundanti, N. (2019). Pengaruh Profitabilitas, Likuiditas, Kepemilikan Institusional dan Kepemilikan Manajerial Terhadap Nilai Perusahaan. *E-Jurnal Manajemen Universitas Udayana*, *8*(10), 6099. https://doi.org/10.24843/ejmunud.2019.v08.i10.p12

Endiana, I. D. M., & Suryandari, N. N. A. (2021). Opini Going Concern: Ditinjau dari Agensi Teori dan Pemicunya. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, *5*(2), 224–242. https://doi.org/10.24034/j25485024.y2021.v5.i2.4490

Erwinsyah, Bakkareng, & Putri, S. Y. A. (2022). Pengaruh Siklus Operasi, Perbedaan Laba Akuntansi dan Laba Fiskal Serta Tingkat Hutang Terhadap Persistensi Laba. *Pareso Jurnal*, *4*(2), 513–528.

Fanani, Z. (2010). Analisis Faktor-Faktor Penentu Persistensi Laba. *Jurnal Akuntansi Dan Keuangan Indonesia*, *7*(1), 109–123. https://doi.org/10.21002/jaki.2010.06

Financial Accounting Standarts Boards. (1980). Statement of Financial Accounting Concepts Nomor 2: Qualitative Characteristic of Accountin Information. Stanford, Connecticut