This paper examines the differential persistence of earnings components (cash flows from operations, nondiscretionary accruals, and discretionary accruals) and whether the market rationally prices discretionary accruals component of earnings with respect to their one-year-ahead earnings implications. The later will show whether there is market mispricing on discretionary accruals. We also investigate the effect of ownership structure (institutional and family ownership), firm size, and corporate governance practices on these mispricing. We find that there is differential persistence of earnings components. Cash flows are more persistent than discretionary accruals and nondiscretionary accruals are more persistent than discretionary accruals, but we find that cash flows are not more persistent than nondiscretionary accruals. Using Mishkin Test (1983), we find that there is market mispricing on cash flows and nondiscretionary accruals component of earnings. However, there is no significant market mispricing on discretionary accruals components. Although for all samples we do not find mispricing on discretionary accruals, we conduct further test to find out whether this non-mispricing is of uniform level for all firms. We consider three firm-level characteristics as likely candidates for having differential influence on the level of market mispricing: 1) ownership structure, 2) firm size, and 3) corporate governance practices. We do not find significant evidence that these three characteristics have significant influence on market mispricing of discretionary accruals.