

The Effect of Cash Holding and Leverage on Profit Quality with Company Size as a Moderation Variable

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Article Info	Abstract
Keywords: ○ Cash Holding ○ Leverage ○ Quality Profit ○ Company Size	Objective – This study aims to obtain empirical evidence on the Effect of Cash Holding and Leverage on Profit Quality with Company Size as a moderation variable. Design/methodology/approach – This study uses a type of quantitative research. The sample in this study is 42 companies in the Technology and Industrial sectors listed on the Indonesia Stock Exchange in 2022-2024. The analysis technique used to test the hypothesis was panel data regression analysis using Random Effect Model (REM) using Eviews 9 software. Findings – The results of the study show that cash holding and leverage do not have a significant effect on the quality of profits. The size of the company has a positive and significant effect on the quality of profits. However, the size of the company is not able to moderate the relationship between cash holding and leverage on the quality of profits. The Adjusted R-Square value of 0.286 indicates that 28.6% variation in profit quality can be explained by this research model. These findings indicate that in the post-pandemic transition period of 2022–2024, the quality of corporate profits in the technology and industrial sectors is more influenced by the scale of the company than by cash policies and capital structure. Limitations/Implications of Research – The first limitation of this research is the type of data used in this study, namely secondary data obtained from the annual report published by the company. However, the data listed is incomplete even though it is mandatory to upload financial statements every year. Furthermore, this study has limitations on the sample from only 112 to 42 samples, while the rest is because the annual report data is incomplete and the company suffers losses. And finally, this study was conducted over a certain period of time, namely 2022-2024, which may not be for long-term analysis.
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INTRODUCTION

The quality of profits is an important indicator in assessing a company's financial performance because it reflects the extent to which the reported profit is able to represent the company's actual economic conditions. High-quality profit information is the primary basis for investors, creditors, and stakeholders in economic decision-making. However, the quality of profit is inseparable from the financial policies implemented by the company's management, especially related to cash management and funding structure.

Cash holding and leverage are two financial policies that have a strategic role in maintaining the stability and sustainability of the company. Adequate cash holding can increase financial flexibility and reduce liquidity risk, but excessive cash ownership has the potential to lead to inefficiencies and agency conflicts. Meanwhile, leverage reflects the use of debt in a company's capital structure that can improve performance through disciplinary effects, but can also create financial pressures that impact profit management practices. The phenomenon of differences in profit quality in the technology sector and the industrial sector in Indonesia shows that there is a variation in financial performance during the 2022–2024 period. The technology sector tends to have higher cash holding rates due to the need for operational flexibility and innovation investment, while the industrial sector relies more on debt-based funding to support production and expansion activities.

These differences in trends indicate that cash holding and leverage policies can have different impacts on the quality of profits, depending on the characteristics and scale of the company. In this context, company size is an important factor because large companies generally have stronger internal control systems and higher levels of public supervision, thus potentially strengthening or weakening the influence of financial policy on the quality of profits. Based on empirical phenomena and inconsistencies in previous research results, this study aims to analyze the influence of cash holding and leverage on profit quality with company size as a moderation variable in companies in the technology and industrial sectors listed on the Indonesia Stock Exchange during the period 2022–2024. This research is expected to make an empirical contribution to the development of financial accounting literature and become a reference for practitioners and investors.

This research has novelties in the integration of the technology and industrial sectors in one empirical model in the 2022–2024 period, which is the post-pandemic transition phase and the period of global interest rate hikes. In this period, the technology sector tends to have a high cash holding rate due to expansion strategies and burn rates, while the industrial sector faces leverage pressure due to rising production costs and interest rates. These differences in characteristics provide a different empirical context than previous research. Earnings quality serves as a crucial proxy for financial transparency; however, its explanation through the lenses of agency theory and signaling theory frequently reveals theoretical contradictions (theoretical gap). According to Jensen (1986), high cash holdings are prone to triggering free cash flow problems, granting management excessive flexibility to engage in accounting manipulation to conceal investment inefficiencies. Conversely, Myers and Majluf (1984) in pecking order theory argue that cash reserves provide a liquidity cushion that prevents reliance on risky debt, thereby alleviating the pressure on managers to manipulate earnings reports to appease the

capital market.

This theoretical divergence is reflected in the inconsistent empirical findings of prior studies (research gap) regarding the effect of cash holdings on earnings quality. A study by Kusuma and Rahmawati (2020) found that cash holdings have a significant positive effect on earnings quality, as available liquidity suppresses incentives for real earnings management. Nevertheless, this finding contradicts the results of Lestari and Hidayat (2021) as well as Pratama (2023), who demonstrated that cash holdings have no significant effect or even a negative effect on earnings quality due to weak governance in controlling internal liquidity. A similar debate surrounds the effect of leverage on financial reporting quality. Debt covenant theory (Watts & Zimmerman, 1986) predicts that high debt ratios elevate default risk, prompting managers to report opportunistic earnings to avoid covenant violations, as empirically evidenced by Handayani and Saputra (2022). In contrast, Wulandari and Utomo (2021) argue that high leverage invites rigorous scrutiny from creditors (monitoring hypothesis), thereby constraining managerial leeway to distort earnings. This inconsistency in directional impact indicates that the relationship between capital structure and earnings quality remains inconclusive.

These empirical discrepancies and theoretical frictions highlight the need to introduce a contingency variable, such as firm size, as a moderating factor. As posited by Fama and French (1995), a firm's scale reflects its operational capacity, public visibility, and the level of information asymmetry it faces. Large firms generally possess more stringent internal control systems to monitor cash and debt management (Sari & Nugroho, 2022). Consequently, examining firm size as a moderating variable is expected to bridge the research gap in the dynamic relationships of cash holdings and leverage with earnings quality.

LITERATUR REVIEW

Agency Theory

Agency Theory was introduced by Jensen and Meckling (1976) which describes the relationship between the owner of the company (principal) and management (agent). In this relationship, the owner gives the manager the authority to manage the company in hopes of increasing the value of the company. However, differences in interest between principals and agents can lead to agency conflicts, where managers can potentially act opportunistically in the interests of their own interests, such as obtaining bonuses or retaining positions. In the context of this research, Agency Theory is used to explain how a company's financial policies, especially cash holding and leverage, can affect the quality of profits. Excessive cash holding can open up opportunities for management to use funds inefficiently, while leverage can be an external disciplinary mechanism that suppresses opportunistic behavior, but it can also increase managerial pressure in profit reporting. In the perspective of Agency Theory, the size of a company can strengthen oversight mechanisms because large companies have more complex governance structures and higher external oversight. Therefore, the size of the company could theoretically weaken management's opportunistic behavior in cash and debt management.

Signaling Theory

The Signaling Theory was put forward by Spence (1973) who explained that companies try to convey signals to external parties through published information, especially financial statements. The signal aims to reduce information asymmetry between management and investors regarding the company's condition and prospects. High-quality profits are a positive signal for investors because they reflect the company's true performance. However, not all signals reflect the real condition of the company, as management can manipulate earnings information. Therefore, profit quality is an important aspect in assessing the reliability of the signals that companies convey to the public.

Cash Holding

Cash holding is cash and cash equivalents owned by the company to support smooth operational activities and face financial uncertainty. According to (Rahman, 2021) Cash Holding is cash or cash equivalents available or held by the company to finance the company's operational activities, fulfill the company's short-term obligations that are due or unexpected expenses and to be invested. Meanwhile, cash holding is an effective asset because liquidity is used to facilitate all financing needed by the company to develop the business, finance the company's operational activities, increase the effectiveness of performance in the company, and pay urgent obligations in the company (Sean & Nugroho, 2022).

Leverage

Leverage indicates the extent to which a company uses debt to finance its assets and operational activities. According to Leverage, it is the ability of a business to use assets or capital at a fixed cost (debt or equity) to achieve business goals to maximize the value of the business. With this leverage effect, the company's wealth level is also expected to increase. Companies always face leverage issues (Siregar, 2024). Meanwhile, Leverage is a financial strategy that involves using debt to increase the potential return on investment. In the context of a company, leverage allows management to utilize borrowed funds in operations and investments, in the hope that the return on those investments will exceed the cost of debt. While leverage can increase profitability, it also increases risk, as companies must meet debt repayment obligations regardless of their performance (Nurlalela, 2024).

Company Size

Company size reflects the size of a company which is generally measured through total assets, sales, or capital. Company size is the average of total net sales for the year in question or several years. In this case, sales are greater than variable costs and fixed costs, so the amount of pre-tax income will be obtained (March, 2025). Meanwhile, Company size is something that can measure or determine the value of the size or size of the company. Company size is an indicator that can show the condition or characteristics of a company organization where there

are several parameters that can be used to determine the size (size or small) of a company. The size of a company can be measured by using the total assets, sales or capital of the company (Puspita, 2025).

Quality Profit

The quality of earnings indicates the extent to which the reported profit is able to reflect the company's actual economic performance. The quality of a company's profits is one of the factors that potential investors look at to find stock investments. The better the growth of the quality of the company's profit means that the company's prospects in the future are judged to be better, meaning that the company's value will also be judged to be better in the eyes of investors (Muchtar, 2021). Meanwhile, (Siladjaja, 2023) stating that the quality of profit reflects the level of reliability of profit information as the basis for investor decision-making.

Hypothesis Development

The Effect of Cash Holding on Profit Quality

High cash holding can increase the company's financial flexibility, but if not managed optimally, it has the potential to cause agency conflicts and inefficient use of cash, thereby reducing the quality of profits. This is supported by research (Dewi, 2019 ; Haniftian, 2020) found that cash holding had a negative effect on the quality of profits.

H₁: Cash holding has a negative effect on the quality of profit.

The Effect of Leverage on Profit Quality

High leverage can increase financial pressure and encourage management to practice profit management to make the company's performance look stable, potentially lowering the quality of profits. This is supported by research (Lubis & Nugroho, 2023; Mendrofa, 2024) found that leverage is suspected to have a negative effect on the quality of profits.

H₂: Leverage has a negative effect on the quality of profits.

The Effect of Company Size on Profit Quality

The larger size of the company reflects a stronger internal control system as well as a higher level of external supervision, thus encouraging management to present more transparent and reliable financial statements. This is supported by research (Yoanita & Khairunnisa, 2021; Virginia, 2023) found that the size of the company had a positive effect on the quality of profits.

H₃: The size of the company has a positive effect on the quality of profits.

Company Size in Moderating the Influence of Cash Holding on Profit Quality

High cash holding can affect the quality of profits if not managed optimally. The size of the company reflects the size of the company related to the financial management and supervision system. The difference in company size does not guarantee that cash holding management will have an impact on improving the quality of profits. This is supported by research (Nathania, 2023) shows that the size of the company has no effect on the quality of profits. In addition, the research (Amen & Firmansyah, 2023) found that the moderation variable did not strengthen the relationship between cash holding and profit quality. The findings show that the size of the company does not strengthen the influence of cash holding on the quality of profits.

H₄: The size of the company does not strengthen the influence of cash holding on the quality of profits.

Company Size in Moderating the Influence of Leverage on Profit Quality

High leverage has the potential to affect the quality of profits through an increase in the company's financial burden. The size of a company is related to the ability of the company to manage its funding structure. The difference in company size does not guarantee that the influence of leverage on the quality of profits will be stronger. This is supported by Research (Nathania, 2023) shows that the size of the company has no effect on the quality of profits, whereas research (Aprilianti et al., 2024) indicates that the size of the company does not reinforce the influence of leverage on the quality of profits. This shows that the size of the company does not reinforce the influence of leverage on the quality of profits.

H₅: The size of the company does not reinforce the influence of leverage on the quality of profits.

RESEARCH METHOD

The type of data used in this study is secondary data, namely data provided by other parties and not from direct sources. The source of data in this study is sourced from the financial statements of technology and industrial sector companies listed on the Indonesia Stock Exchange for the 2022-2024 period obtained from www.idx.co.id in 2022-2024. Sampling was carried out by purposive sampling method. The population is 112 and those who meet the criteria are 42 companies. Meanwhile, the measurement of the variables used for each variable is as follows:

Table 1 Variable Measurements

Yes	Variable	Measurement	Source
1.	Cash Holding	$\text{Cash Holding} = \frac{\text{Kas} + \text{Setara Kas}}{\text{Total Asset}}$	Nathania, (2023)
2.	Leverage	$\text{DER (Debt to Equity Ratio)} = \frac{\text{Total Hutang}}{\text{Total Ekuitas}}$	Aprilianti, Kismayanti Respati and Fauzi, (2024)

3.	Company Size	Company Size = $\ln \times \text{Total Assets}$	Yoanita and Khairunnisa, (2021)
4.	Quality Profit	$QE = \frac{\text{Arus Kas Operasi}}{\text{Laba Bersih}}$	Azizah and Asrori, (2022).

RESULTS AND DISCUSSION

Table 2 Descriptive Analysis

Variable	N	Min	Max	Red	Std. Dev
CH	126	0.003	0.546	0.108	0.093
L	126	-1.691	1.997	0.662	0.597
KL	126	-18.305	22.995	1.397	4.018
UP	126	25.286	33.790	28.268	1.742

Description:

CH (Cash Holding), L (Leverage), UP (Company Size).

Source: Processed data (2025)

Selection of the Best Panel Data Model Chow Test

The criteria for making decisions for the Chow test are as follows:

1. If the probability (Prob) on Cross Section F < 0.05 then the better model is Fixed Effect.
2. If the probability (Prob) on Cross Section F > 0.05 then a better model is Common Effect.

Table 3 Chow Test

Effects Test	Statistic	D.F.	Prob.
Cross-section F	2.557793	(41,82)	0.0002
Cross-section Chi-square	103.785099	41	0.0000

Source: Processed data (2025)

Based on the results of the Chow Test using Eviews 9, the probability value of Cross Section F is 0.00. These results show that the value is less than the significance level ($\alpha = 0.05$). Thus, the best model used is the Fixed Effect Model (FEM). Therefore, a Hausman Test is required to choose the best model between the Fixed Effect Model and the Random Effect Model.

Hausman Test

The Hausman test is used to choose whether the Fixed effect or Random effect model is most appropriate.

Decision-making criteria:

1. If the Probability (Prob) < 0.05 then a better model is the Fixed effect.
2. If the Probability (Prob) > 0.05 then a better model is a Random effect.

Table 4 Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. D.F.	Prob.
Cross-section random	2.580087	5	0.7644

Source: Processed data (2025)

Based on the results of the Hausman test, the probability value is 0.7644. This result is greater than the significance level value ($\alpha = 0.05$). Thus, the best model used is the Random Effect Model (REM). Therefore, a Lagrange Multiplier test is needed in order to determine the best model between the Common Effect Model and the Random Effect Model.

Lagrange Multiplier Test

The Lagrange Multiplier test (LM test) is used to choose whether the most appropriate Common Effect or Random Effect model is used.

Decision-making criteria:

1. If the significance on Both Breusch-Pagan < 0.05 then a better model is the Random Effect.
2. If the significance on Both Breusch-Pagan > 0.05 then a better model is Common Effect.

Decision-making criteria based on LM values:

1. If the value of LM > chi square table then a better model is Random Effect.
2. If the value of LM < chi square table then a better model is Common Effect.

Table 5 Lagrange Multiplier Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	16.15464 (0.0001)	0.413139 (0.5204)	16.56778 (0.0000)

Source: Processed data (2025)

Based on the results of the Lagrange Multiplier test, the significance value for Both Breusch-Pagan is 0.000. This result is less than the significance level value ($\alpha = 0.05$). Thus, the best model used is the Random Effect Model (REM).

Hypothesis Test

Table 6 Random Effect Model

$$FV = a + \beta_1 CH + \beta_2 L + \beta_3 UP + \beta_4 CH * UP + \beta_5 L * UP + \varepsilon$$

Variable	Prediction	Coefficient	t-Statistic	Prob.
C		0.127	0.161	0.872
CH	-	-5.962	-1.150	0.252
L	-	0.755	1.177	0.241
UP	+	1.417	3.646	0.000*
CH*UP-> KL	+	1.271	0.525	0.600
L*UP-> KL	-	-0.037	-0.118	0.905
R-Squared				0.315
Adjusted R-Squared				0.286
F-statistic				11.048
Prob(F-Statistic)				0.000

Description:

CH (Cash Holding), L (Leverage), UP (Company Size).

Source: Processed data (2025)

Coefficient Determination Test

Table 7 Determination Coefficient Test

R-squared	0.315227	Mean dependent var	0.809676
Adjusted R-squared	0.286694	S.D. dependent var	3.180676
S.E. of regression	2.686317	Sum squared resid	865.9556
F-statistic	11.04809	Durbin-Watson stat	1.591270
Prob(F-statistic)	0.000000		

R-Squared shows a value of 0.315227 which means that 31.5% of the variables of Cash Holding, Leverage and Company size can explain the variable Quality of Profit.

Partial Test (T-Test)

The results of the test using the Random Effect Model (REM) can be concluded as follows:

1. Cash Holding with a probability value of $0.252/2 = 0.126 > 0.05$, can be interpreted as having a negative and statistically insignificant effect on Profit Quality.
2. Leverage with a probability value of $0.241/2 = 0.120 > 0.05$, can be interpreted as the Leverage variable has a positive and statistically insignificant effect on Profit Quality.
3. Company Size with a probability value of $0.000/2 = 0 < 0.05$, it can be interpreted that the Company Size variable has a positive and statistically significant effect on Profit Quality.
4. The Company Size that moderates the influence of Cash Holding on Profit Quality has a probability value of $0.600/2 = 0.300 > 0.05$, it can be interpreted that the Company Size does not strengthen the influence of Cash Holding on Profit Quality.
5. The Company Size that moderates the effect of Leverage on Profit Quality has a probability value of $0.905/2 = 0.453 > 0.05$, which can be interpreted that the Company Size does not strengthen the influence of Leverage on Profit Quality.

DISCUSSION

Cash Holding on Profit Quality

Based on partial testing (t-test) using the Random Effect Model (REM), it shows that the cash holding variable has a coefficient of -5.962 with a probability of 0.252. Hypothesis testing was carried out using a significance level of 5% with a two-tailed test. Based on the results of these statistics, it can be stated that H_0 is accepted and H_a is rejected, so it can be concluded that cash holding has a negative but not significant effect on the quality of profit. This result shows that the higher the cash holding level that the company has, the quality of profit tends to decrease, although statistically the influence is not significant. This condition indicates that large cash holdings do not necessarily reflect operational efficiency or better financial reporting quality. On the other hand, excessive cash holding has the potential to cause opportunistic management behavior, such as delaying productive investments or non-optimal use of cash, so that it can reduce the quality of the company's reported profits. The high cash holding in the technology sector is more reflective of the liquidity strategy to maintain operational flexibility than an indication of managerial opportunism, so it does not have a significant impact on the quality of profits. The findings of this study contradict the results of the study (Lestari & Hanifah, 2020) which states that cash holding has a positive effect on the quality of profits, because cash is considered to be able to maintain financial stability and reduce the risk of profit manipulation. However, the results of this study are in line with the research (Yusuf & Inawati, 2025) in the energy sector, (Amin & Firmansyah, 2007) in manufacturing companies, as well as (Nathania, 2023) in the property and real estate subsector companies, which found that cash holding had a negative effect on the quality of profits.

Leverage Against Profit Quality

Based on partial testing (t-test) using the Random Effect Model (REM), it shows that the leverage variable has a coefficient of 0.755 with a probability of 0.241. Hypothesis testing was carried out using a significance level of 5% with a two-tailed test. Based on the results of these statistics, it can be stated that H_0 is accepted and H_a is rejected, so it can be concluded that leverage has a positive but insignificant effect on the quality of profits. These results show that the higher the level of leverage that a company has, the quality of profits tends to decrease, although statistically the influence is not significant. The high use of debt can cause financial pressure for companies, especially in fulfilling interest and principal payment obligations. This condition has the potential to encourage management to make adjustments to accounting policies so that profits look stable, so that the reported profit does not reflect the company's actual economic condition. The insignificance of leverage in this study can be explained by Indonesia's macroeconomic conditions for the 2022–2024 period, which are characterized by rising interest rates and post-pandemic economic recovery. During this period, companies tend to be more cautious in their profit management practices as regulatory and investor scrutiny increases. Therefore, debt policy does not directly affect the quality of profits. The findings of this study contradict the results of the study (Aprilianti et al., 2024) which states that leverage has a significant effect on the quality of profits. However, the results of this study are in line

with the research (Bomantara, 2024), (Desyana et al., 2023), and (Azizah & Asrori, 2022) who found that leverage had no significant effect on the quality of profits.

The Size of the Company on the Quality of Profits

Based on partial testing (t-test) using the Random Effect Model (REM), it shows that the company size variable has a coefficient of 1.511 with a probability of 0.000. Hypothesis testing was carried out using a significance level of 5% with a two-tailed test. Based on the results of these statistics, it can be stated that H_0 is rejected and H_a is accepted, so it can be concluded that the size of the company has a positive and significant effect on the quality of profits. These results show that the larger the size of the company, the quality of the profits generated tends to increase. Large-scale companies generally have better internal control systems, more adequate resources, and a higher level of external oversight from investors, creditors, and regulators. This condition encourages management to present more transparent and reliable financial statements, so that the reported profit better reflects the company's actual economic condition. The findings of this study are in line with the research (Yoanita & Khairunnisa, 2021), (Bomantara, 2024), and (Mardiana et al., 2022) which states that company size has a positive effect on the quality of profits. However, the results of this study contradict the research (Azizah & Asrori, 2022) which found that the size of the company had no effect on the quality of profits.

Company Size Moderation on the Effect of Cash Holding on Profit Quality

Based on partial testing (t-test) using the Random Effect Model (REM), it was shown that the interaction variable between cash holding and company size ($CH*UP$) had a coefficient of 1.271 with a probability of 0.600. Hypothesis testing was carried out using a significance level of 5% with a two-tailed test. Based on the results of these statistics, it can be stated that H_0 is accepted and H_a is rejected, so it can be concluded that the size of the company does not strengthen the influence of cash holding on the quality of profit. These results show that the size of the company is not able to moderate the relationship between cash holding and profit quality. Although large companies generally have more adequate resources, better internal control systems, and stricter external supervision, these conditions do not necessarily make cash holding management a more decisive factor in improving the quality of profits. Thus, in both large and small companies, the cash level owned by the company is not significantly affected by the size of the company in producing quality profits. These findings are in line with research (Nathania, 2023) and (Amen & Firmansyah, 2023) which states that company size does not play a role as a moderation variable in the relationship between cash holding and profit quality. However, the results of this study contradict the research of Putri and Nugroho (2022) who found that company size strengthens the influence of cash holding on profit quality. The difference in the results of the study can be caused by differences in sample characteristics, company sectors, and the research period used.

Company Size Moderation on the Effect of Leverage on Profit Quality

Based on partial testing (t-test) using the Random Effect Model (REM), it was shown that the interaction variable between leverage and company size ($L*UP$) had a coefficient of -0.037 with a probability of 0.905. Hypothesis testing was carried out using a significance level of 5% with a two-tailed test. Based on the results of these statistics, it can be stated that H_0 is accepted and H_a is rejected, so it can be concluded that the size of the company does not strengthen the influence of leverage on the quality of profits. These results suggest that firm size does not play a role in strengthening the relationship between leverage and profit quality. Large-scale companies that have wider access to funding and a high level of external supervision are not necessarily able to manage the use of debt more effectively to generate quality profits. This indicates that the level of leverage that companies have, both in large and small companies, is not directly influenced by the size of the company in determining the quality of profits. Thus, debt management and corporate funding policies are suspected to be more influenced by management's ability to manage financial risks than company size as a moderation variable. These findings are in line with research (Nathania, 2023) and (Aprilianti et al., 2024) which states that the size of the company does not reinforce the influence of leverage on the quality of profits. However, the results of this study contradict the research of Sari and Widodo (2021) which found that the size of a company strengthens the influence of leverage on the quality of profits. The difference in the results of the study can be influenced by differences in variable measurement methods and economic conditions in the study period.

CONCLUSION

This study aims to analyze the influence of cash holding and leverage on profit quality with company size as a moderation variable in companies in the technology and industrial sectors in Indonesia for the 2022–2024 period. The results of the study show that cash holding and leverage do not have a significant effect on the quality of profit. These findings indicate that in the economic recovery period, liquidity policies and funding structures are not the main determinants of the quality of earnings reporting. On the other hand, company size has been proven to have a positive and significant effect on the quality of profits. This shows that the scale of the company is closely related to the effectiveness of the internal control system, resource capacity, and a higher level of external supervision, thus being able to increase the credibility of profit information. However, company size has not been shown to moderate the relationship between cash holding and leverage on profit quality. Conceptually, these results expand the perspective of Agency Theory by showing that discipline mechanisms through debt and cash ownership do not necessarily trigger a decline in profit quality in the context of Indonesia's technology and industrial sectors. Practically, this study confirms that in conditions of economic uncertainty, the quality of profits is more determined by the structural characteristics of the company than by short-term financial policies.

1. Further research is suggested to add other independent variables that have the potential to affect profit quality, such as profitability and operating cash flow, to improve the model's ability to explain variations in profit quality more comprehensively.

2. Researchers can then consider the use of moderation or control variables, such as Good Corporate Governance, growth opportunities, and dividend policies, to deepen the analysis of the relationship between cash holding, leverage, and profit quality.
3. It is further recommended to use different methods of measuring profit quality, such as discretionary accrual model, earnings persistence, or Z-Score, so that the results of the research are more robust and can be compared with previous research.
4. The researcher is then expected to expand the research object in other sectors, such as the energy sector or other industrial sectors, in order to see the differences in sector characteristics on the influence of cash holding and leverage on the quality of profits.
5. For investors, the results of this study show that in choosing stocks in the technology and industrial sectors, more attention needs to be paid to the size of the company rather than the cash level or leverage, because large-scale companies tend to have more reliable profit quality.
6. For regulators such as the OJK, stricter supervision is needed for small-scale companies that have a limited internal control system to increase the transparency of financial statements.
7. Subsequent research is recommended to use a longer observation period in order to capture the company's financial dynamics more accurately and produce more stable conclusions

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