IJAMESC, Vol. 2 No. 06, December 2024
DOI: https://doi.org/10.61990/ijamesc.v2i6.348 e-ISSN 2986-8645

THE EFFECT OF PROFIT PERSISTENCE AND CASH HOLDING ON PROFIT QUALITY WITH ACCOUNTING CONSERVATISM AS MODERATION

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Abstract
This study aims to examine the effect of profit persistence and cash holding on profit quality with accounting conservatism as a moderator. The research method used is an associative quantitative method. The data used in this study is panel data, which is a combination of time series data and cross section data. The population in this study is Business Index-27 companies listed on the Indonesia Stock Exchange in 2019-2023. The determination of samples by purposive sampling technique was obtained from 17 companies with 85 observation data. The analysis technique and hypothesis testing were carried out by panel data regression analysis through EViews ver-12. Based on the results of the T test, it is known that profit persistence does not have a significant effect on profit quality. On the other hand, cash holding affects the quality of profits. Meanwhile, accounting conservatism cannot moderate the influence of profit persistence variables and cash holding variables on profit quality.

Keywords: Profit Persistence, Cash Holding, Accounting Conservatism, Profit Quality

1. Introduction

Financial statements are a medium for companies to convey all activities and conditions of the company to the users of financial statements, including investors in it. This is a form of information disclosure that must be owned by companies that go public to users of financial statements. Every information provided by the company will have an impact on the response of investors through the company's share price. Aminatu, et al. (2020) Financial statements contain very useful information for their users, especially information about profits. Information about profit is obtained through financial statements, especially income statements.

One of the phenomena that is happening in real life today, the manipulation in the presentation of financial statements that continue to increase every year has managed to become the center of attention and cause investors who invest their capital in these companies to suffer losses. Based on one of the surveys conducted by the Association of Certified Fraud Examiners (ACFE) specifically for the Asia-Pacific region. In 2018 financial statement fraud caused a loss of US$700,000 (ACFE, 2018) and increased in 2020 with a loss of US$3,000,000 (ACFE, 2020).

The manipulation of financial statements that occurred indicates that management still does not present true profit information to the principal. Principals will give a negative reaction to companies that are proven to manipulate financial statements (Suryati, 2020). In accordance with the signal theory which states that a calm signal of poor company performance will not be trusted by the principal. The manipulation of the financial statements has an impact on the decline in the quality of the reported profit, indicating that the company's reported profit is not in accordance with the actual condition of the

company. Incorrect reporting of profit information by companies makes stakeholders wrong in making business or company decisions.

The quality of profit is based on the qualitative concept of the conceptual framework (Financial Accounting Standards Board, 1978), that quality profit is profit that has benefits in decision-making and has the characteristics of relevance, realism and comparability. Katuruni (2018) defines profit quality as the ability of profit to reflect the truth of profit and predict future profits, with reference to profit persistence and profit stability. The quality of profit can be said to be good if the profit for the current year can be a good indicator for future profit, or strongly related to future operating cash flow (Katuruni, 2018).

Khasanah and Jasman (2019) profit persistence is defined as the ability of a company to survive future profit conditions, which is also known as quality profit. Profit information for investors and creditors is very important for making contract decisions, if the persistence of the company's profit is low, it will lead to behavior that is not desired by all parties. This behavior, for example, is the engineering of the company's ability to pay off its debts as a result of high profit estimates. Dewantari and Hardiana (2019) (in Pujiati, 2022) argue that profit persistence is often used as a tool to measure profit quality because it contains elements of predictive value.

Cash holding is one of the ways for companies to manage cash (Cahyati, Suhendro and Masitoh, 2017). According to Wulandari & Setiawan (2019), cash holding is a number of cash and cash equivalents owned by a company that can be easily converted into cash. If the cash owned by the company has been sufficient and not excessive, it can indicate that the company is liquid. Cash holding provides the company's solution in terms of liquidity so that the company is able to pay its obligations on time when conditions are not good.

According to Watts (2003), conservatism is an act in which a company is careful in presenting its financial statements by not immediately acknowledging assets and profits but first acknowledging debts and losses that may occur. Accounting conservatism is often also interpreted as an accountant's habit that requires that the highest level of verification is to recognize profits as opposed to to admit losses (Safitri & Afriyenti, 2020).

2. Theoretical Background

2.1 Agency theory

The concept of agency theory according to suripto (2019) states that in agency theory there is a contract or agreement between the owner of the resource and the manager to manage the company and achieve the main goal of the company, which is to maximize the profits that will be obtained, so that it allows managers to do various ways to achieve these goals either in a good way or in a way that is detrimental to many parties. According to R.A Surpiyono (2018), the agency theory is a contractual relationship between the principal and the agent, the principal of the agent's contract to work for the purpose of the agent so that the agent is given the authority to make decisions. This relationship is carried out for a service where the principal authorizes the agent to make the best decision for the principal by prioritizing the interests in optimizing the company's profits so as to minimize the burden, including the tax burden by utilizing tax management.

2.2 Signaling Theory

Signal theory and profit quality are interrelated in information management and decision-making in the capital market. The high quality of profits serves as a positive signal that helps reduce information asymmetry, reduces perceived risks by investors, and supports the company's reputation. Practices that degrade the quality of earnings, such as earnings management, can send misleading signals and undermine investor confidence. When Garuda Indonesia acknowledges unrealized revenue in its financial statements, the company sends a misleading signal to the market about its true financial performance. This leads to greater information asymmetry as investors receive inaccurate information. Revenue manipulation results in low profit quality. Investors who rely on this information to make investment decisions make less than optimal decisions. When these issues come to light, investor confidence decreases, which can negatively affect the company's stock price and reputation.

2.3 Hypothesis Formulation

1) The Effect of Profit Persistence on Profit Quality

High profit persistence can provide an overview of profit in the following year, so that it can provide decisions to investors and stakeholders to respond to the announced profits. With a high level of profit persistence and repetitiveness, investors will have the opportunity to get the expected rate of return from the amount of investment made.

This is in line with the research of Eliana et al. (2021) and Sukmawati (2022), that profit persistence has a positive effect on profit quality, meaning that the more permanent the profit from time to time, the higher the quality of profit because this condition shows that the profit earned by the company increases continuously. Based on this explanation, the hypothesis in this study is:

H1: Suspected Profit Persistence Affects Profit Quality

2) The Effect of Cash Holding on Profit Quality

Couderc (2005) mentioned that corporate cash holding is related to the company's efforts to reduce external funding costs. The company has a large amount of cash in the hope that the investment can first be financed with internal funding sources, if the internal sources are lacking, then use external funding. Managers have an incentive to increase the company's free cash flow, because cash is the easiest asset for managers to control. The purpose of managers having cash holding is to avoid financial distress in the future by making investments when financial constraints increase and reducing costs incurred to obtain external funding and finance projects that are in accordance with the manager's interests (Wijaya 2012). Based on the explanation above, the hypothesis taken is:

H2: It is suspected that cash holding has an influence on the quality of profits.

3) The Effect of Profit Persistence on Profit Quality with Accounting Conservatism as Moderation

The concept of conservatism was created to improve financial statements and to be accounted for by management. The recognition of conservatism is based on the assumption that the company is faced with the uncertainty of economic conditions in the future, so the company needs to use the measurement and recognition of the results of the company's financial statements to be done carefully. According to (Yunita & Suprasto, 2018) reveals that conservatism affects the quality of profits, where the study reveals that increasing conservatism can improve the quality of profits. This means that by using the

principle of conservatism, it can produce quality profits because the profits presented in the financial statements are unbiased profits
H3: It is suspected that Accounting Conservatism moderates the effect of Profit Persistence on the Quality of its Profit so that it can be said to be profitable

4) The Effect of Cash Holding on Profit Quality with Accounting Conservatism as Moderation

Research by Nugraeni and Triyono (2023) Cash Holding has an effect on accounting conservatism. Cash holdings claimed by organizations in large amounts illustrate that the organization's presentation in supervising cash in the organization in general is very good. The existence of money plays an important role for the organization, because without money, the organization's activities cannot run as expected. Therefore, organizations need to decide on the right ownership of money on the grounds that the right and ideal level of cash holding can support the funding of the organization's activities and have the option to meet sudden cash needs (Yanti et al., 2019). This is in accordance with the consequences of the exploration conducted by Natalie and Astika (2016) which stated that cash holding has an effect on accounting conservatism.
H4: Suspected Accounting Conservatism Moderates the Influence of Cash Holding on Profit Quality

3. Methods

This study uses a type of quantitative method by taking several research samples from Business Index-27 companies listed on the Indonesia Stock Exchange (IDX) in 2019-2023. The research data was 17 companies selected by purposive sampling technique. Table 1 explains the criteria for the research sample, which are as follows.

Table 1. Stages of Research Sample Selection with Criteria

Information		Violation of Criteria	Sum
Number of Business Index-27 companies listed on the IDX in 2019-2023			27
Criterion			
1	Companies in the Business Index-27 that publish and present complete financial statements for the research period 2019-2023	0	27
2	Industrial sector companies that publish reports in rupiah.	7	20
3	Industrial sector companies that do not suffer losses or have positive earnings	3	17
Number of samples that met the research criteria			17
Number of observations (years)			5
Number of observational data during the study period			85

Source: Secondary Data is self-processed

The dependent or independent variable in this study is the quality of profit, while the independent or bound variables include profit persistence, and cash holding, as well as the existence of moderating variables, namely accounting conservatism. The following definitions of each variable are presented in table 2.

Table 2. Definitions of variable

Variable	Indicators	Scale Measurement
Profit Quality (Y) (Setianingsih, 2013)	$KL = \frac{Operating\ Cash\ Flow}{Net\ Income}$	Rasio
Profit Persistence (X1) (Salsabila, et al., 2016)	$PRST = \frac{EBT\ t\text{-}1 - EBT\ t}{Total\ Aset}$	Rasio
Cash Holding (X2) (Dewi and Latrini, 2016)	$CH = \frac{Kas + Setara\ Kas}{Total\ Aset}$	Rasio
Accounting Conservatism (M) (Kurniawan and Aisah, 2020)	$KON\_ACC = \frac{NI - CF}{TA} X - 1$	Ratio
Company Size (C) (Katuruni, 2018)	Size =Log (Total Aset)	Ratio

In this study, the data analysis method was carried out by statistical analysis and data processing using EViews 12 software. In this study, the test was carried out by panel data regression analysis (data pool).

4. Results and Discussion

4.1 Descriptive Statistics

Descriptive analysis in this study was carried out on the existing sample data, both on independent variables, dependent variables, moderation variables and control variables carried out with the EViews version-12 analysis tool with the following outputs:

Table 3. Descriptive Statistics

	KL	PL	CH	KA	SIZE
Mean	2.061838	-0.007637	0.159115	-0.027416	32.23293
Median	1.538657	-0.006448	0.129654	-0.012295	32.01063
Maximum	22.35593	0.140920	0.707957	0.100112	35.31545
Minimum	-1.159372	-0.115417	0.004703	-0.497720	29.34951
Std. Dev.	2.632899	0.034934	0.126834	0.099517	1.656849
Skewness	5.735568	0.422304	3.055935	-3.185330	0.477552
Curtosis	43.28934	7.603908	13.29467	14.58713	2.105419
Jarque-Bera	6214.979	77.59554	507.6452	619.2492	6.065100
Probability	0.000000	0.000000	0.000000	0.000000	0.048193
Sum	175.2562	-0.649175	13.52482	-2.330360	2739.799
Sum Sq. Dev.	582.3012	0.102512	1.351299	0.831907	230.5924
Observations	85	85	85	85	85

The results of the descriptive statistical test show that from 85 samples during 2019-2023, there are significant variations in profit quality, Profit Persistence, Cash Holding, and Accounting Conservatism.

Profit quality is measured by operating cash flow divided by net income, has a minimum value of -1.159372 and a maximum of 22.35593. The average value of 2.061838 with a standard deviation of 2.632899 indicates a high variation in the data.

Profit persistence in this study uses the PL measurement which is the result of the previous year's profit before tax minus the profit before tax for that year divided by total assets. The results of the descriptive statistical test for the profit persistence variable showed a minimum value of -0.115417 and a maximum of 0.140920. Average value -0.007637 and standard deviation 0.034934 From the results of the analysis of PL data carried out, most companies have negative PL values. The mean value that is smaller than the standard deviation value on the profit persistence variable shows that the companies in this dataset have very variable profits and tend to be unstable from year to year.

Cash Holding in this study uses measurements by dividing cash and cash equivalents to total assets. It has a minimum value of 0.004703 and a maximum of 0.707957. Average value 0.159115 and standard deviation 0.126834 The average value of cash holding greater than the standard deviation shows that cash holding among the companies in this study is relatively consistent and stable, with not too high variability, reflecting sound cash management and good liquidity practices.

Accounting conservatism in this study is measured by using measurements by adding operating or business profit by deduction and amortization minus cash flow of operating activities and divided by total assets, having a minimum value of -0.497720 and a maximum of 0.100112. Average value -0.027416 with a standard deviation of 0.099517 This high variability indicates that there is a significant difference in the way companies report earnings and handle depreciation, amortization, and operating cash flow. Management must be aware of the importance of applying consistent accounting conservatism to maintain investor confidence and long-term financial stability.

4.2 Panel Data Regression Model Analysis

The following are the output results of the three models and the application of the model selection applied to the panel data regression model in this study.

4.2.1 Common Effect Model (CEM)

Table 4. Common Effect Model (CEM) Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.529563	5.188642	-1.258434	0.2119
PL	8.089129	7.729373	1.046544	0.2985
CH	7.003147	2.899251	2.415502	0.0180
KA	14.09007	3.650853	3.859391	0.0002
SIZE	0.245872	0.160292	1.533902	0.1290

Source: Output EViews ver-12

Table 4 shows that the common effect model (CEM) has a constant coefficient of -6.529563, the variable coefficient of Profit Persistence (PL) is 8.089129, the variable coefficient of Cash holding (CH) is 7.003147, and the variable coefficient of Accounting Conservatism (KA) is 14.09007.

4.2.2 Fixed Effect Model (FEM)

Table 5. Fixed Effect Model (FEM)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	24.45483	46.03609	0.531210	0.5971
PL	2.990631	8.214346	0.364074	0.7170
CH	0.165234	5.372535	0.030755	0.9756
KA	20.77438	5.817715	3.570883	0.0007
SIZE	-0.677161	1.431024	-0.473201	0.6377

Source: Output EViews ver-12

Table 5 shows that the fixed effect model (FEM) has a constant coefficient of 24.45483, a profit persistence coefficient (PL) of 2.990631, a variable coefficient of Cash holding (CH) of 0.165234, and a variable coefficient of accounting conservatism (KA) of 20.77438.

4.2.3 Random Effect Model (REM)

Table 6. Random Effect Model (REM)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.227882	6.070149	-1.025985	0.3080
PL	7.924004	7.565695	1.047360	0.2981
CH	6.796244	2.992000	2.271472	0.0258
KA	14.39046	3.718243	3.870231	0.0002
SIZE	0.237750	0.187530	1.267799	0.2085

Source: Output EViews ver-12

Table 6 shows that the random effect model (REM) has a constant coefficient of -6.227882, a variable coefficient of Profit Persistence (PL) of 7.924004, a variable coefficient of Cash holding (CH) of 6.796244, and a variable coefficient of Accounting Conservatism (KA) of 14.39046.

4.3 Model Test Selection

Table 7. Chow Test

Effects Test	Statistics	D.F.	Prob.
Cross-section F	1.295040	(16,64)	0.2281
Cross-section Chi-square	23.840473	16	0.0930

Source: EViewsver-12 data processing (2024)

Based on the results of the Chow test, in table 7 it is obtained a probability of 0.0930 This shows that the probability value is greater than the significance level (0.05) so Ho for this model is accepted and Ha is rejected, so a better estimate is used is the Common Effect Model (CEM) method then it is continued to the lagrange multiplier.

4.4 Langrange Multiplier (LM)

Table 8. Langrange Multiplier (LM)

Test Hypothesis			
	Cross-section	Time	Both
Breusch-Pagan	0.025647	0.007783	0.033430
	(0.8728) c	(0.9297)	(0.8549)

Source: EViewsver-12 data processing (2024)

Based on the results of the lagrange multiplier test, in table 8 the probability of cross-section breusch-pagan of 0.8728 is obtained, indicating that the probability value is greater than the significance level (0.05) so it can be concluded that Ho for this model is accepted and Ha is rejected. The appropriate estimation model used is the Common Effect Model (CEM).

4.5 Model Conclusion

Table 9. Panel Data Regression Model Testing Conclusion

No	Method	Testing	Result
1.	Chow-Test	Common Effect vs Fixed Effect	Common Effect
2.	Lagrange Multiplier	Common Effect vs Random Effect	Common Effect

Source: EViews ver-12 (2024) data processing output

4.6 Classical Assumption Test Analysis

In this study, the classic assumption tests used are the Normality Test, Multicollinearity Test, Heterokedasticity Test and Autocorrelation Test.

4.6.1 Normality Test

In this study, the normality test against residuals was carried out using the Jarque-Bera test (J-B). In this study, the significance level used $\alpha = 0.05$. The basis for decision-making is to look at the probability numbers from the J-B statistics, with the following conditions:

1) If the probability value $p > 0.05$, then the assumption of normality is fulfilled.
2) If the probability value $p < 0.05$, then the assumption of normality is not met.

The results of the normality test can be seen in graph 1 as follows:

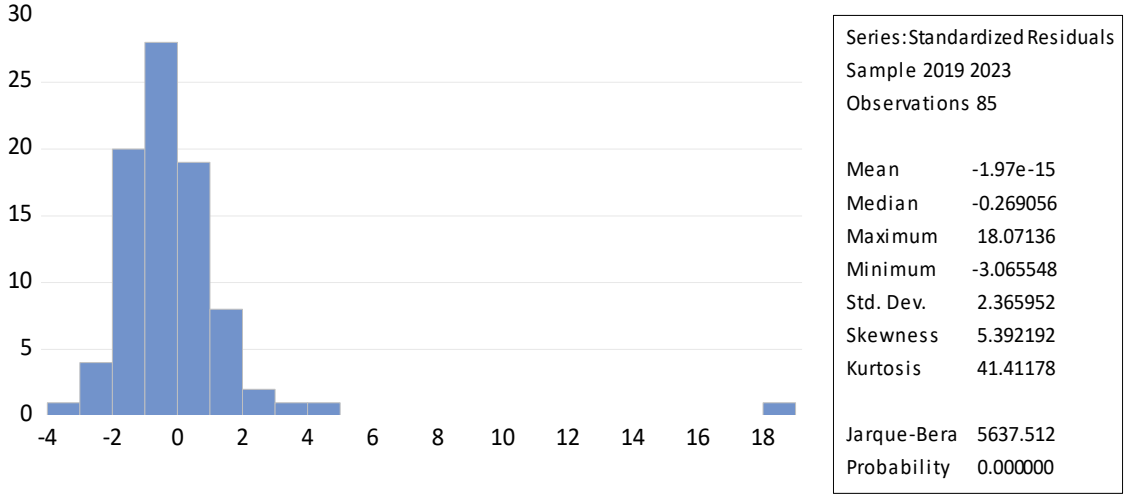

Figure 1 Normality Test
Source: EViewsver-12 data processing (2024)

Based on the normality test in graph 1, the probability result of the J-B statistic is 0.000000. Since this p-value is smaller than the significance level of 0.05, all variables have an abnormal distribution. Therefore, the researcher transforms the data so that it can be used in the regression model. Kurniawan (2016) supports this approach as one of the ways to overcome data that is not normally distributed. The data transformation is shown in graph 2.

DOI: https://doi.org/10.61990/ijamesc.v2i6.348 e-ISSN 2986-8645

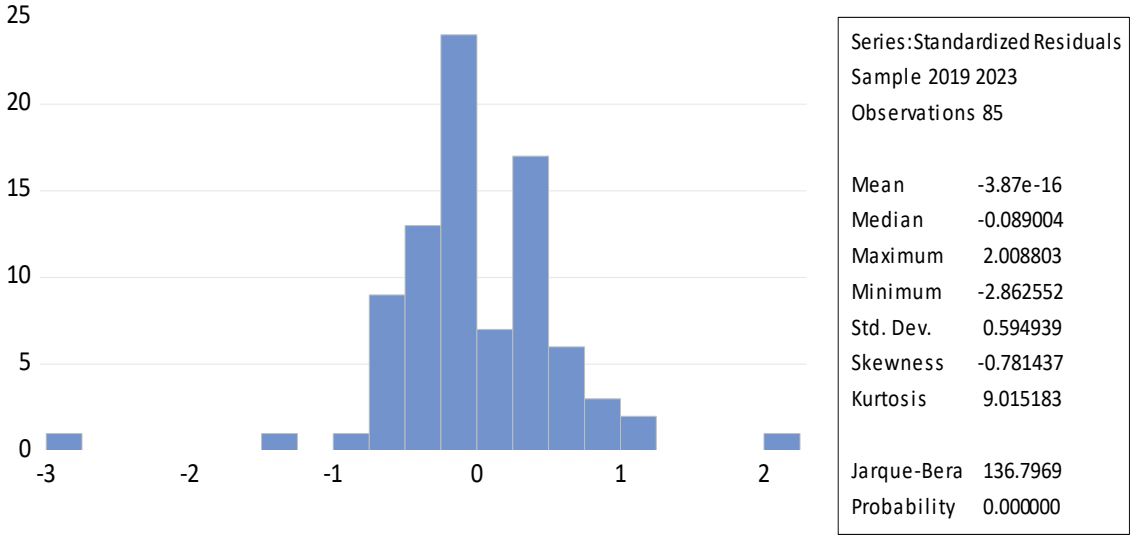

Figure 2. Test of Normality After Data Transformation
Source: EViews ver-12 data processing (2024)

Based on the results of the normality test after the transformation shows that the probability result of the J-B statistic is still 0.000000, the normality test after the data transformation is still not met in this study.

4.6.2 Multicollinearity Test

The following are the results of the multicollinearity test using EViews version 12:

Table 10. Multicollinearity Test

	PL	CH	KA	SIZE
PL	1.000000	-0.182696	0.085503	0.067112
CH	-0.182696	1.000000	-0.683220	-0.035710
KA	0.085503	-0.683220	1.000000	0.061023
SIZE	0.067112	-0.0357100	0.061023	1.000000

Source: EViewsver-12 data processing (2024)

Table 10 shows the profit persistence value of -0.182696 and cash holding of -0.182696. The multicollinearity test showed that there was no high correlation between independent variables (not exceeding 0.80) according to Ghozali (2017:73). Therefore, it can be concluded that there is no multicollinearity between independent variables.

4.6.3 Heteroscedasticity Test

The results of the heteroscedasticity test can be seen in table 11 as follows:

Table 11. Heteroscedasticity Test

Heteroskedasticity Test: White Null hypothesis: Homoskedasticity			
F-statistic	1.549718	Prob. F(14,70)	0.1165
Obs*R-squared	20.11171	Prob. Chi-Square (14)	0.1267
Scaled explained SS	359.9723	Prob. Chi-Square (14)	0.0000

Source: EViewsver-12 data processing (2024)

From the results of table 4.14 above, it can be seen that the heterokedasticity test white has an Obs*R-squared probability value of 0.1267 where the value is greater than the significant level of 0.05. This proves that the regression model shows that heterokedasticity does not occur. So that it can be used for further analysis.

4.6.4 Autocorrelation Test

One way to find out whether there is an autocorrelation in this study is the Durbin-Watson test (DW-Test).

Table 12. Durbin-Watson Autocorrelation Test

Root MSE	2.351994	R-squared	0.192498
Mean dependent var	2.061838	Adjusted R-squared	0.152123
S.D. dependent var	2.632899	S.E. of regression	2.424380
Akaike info criterion	4.666051	Sum squared resid	470.2093
Schwarz criterion	4.809736	Log likelihood	-193.3072
Hannan-Quinn criter.	4.723845	F-statistic	4.767746
Durbin-Watson stat	2.007414	Prob(F-statistic)	0.001680

Source: EViewsver-12 data processing (2024)

It is known that the Durbin-Watson (DW) value is 2.007414, so it can be concluded that there are no problems or symptoms of autocorrelation in this regression model.

4.7 Unmoderated Panel Data Regression Test Analysis

This study uses linear regression of panel data to explain the relationship between the variables studied, namely Profit Persistence and Cash Holding on Profit Quality.

Table 13. Panel Data Regression Analysis without Moderation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.229734	0.462731	4.818641	0.0000
PL	7.187345	8.416824	0.853926	0.3956
CH	-0.710199	2.318252	-0.306351	0.7601

Source: EViewsver-12 data processing (2024)

The profit quality value is 2.229734 if the persistence of profit and cash holding is zero. The regression coefficient of profit persistence of 7.187345 shows that an increase of one unit in profit persistence will improve the quality of profit by 7.187345. Conversely, the regression coefficient of cash holding of -0.710199 indicates that an increase of one unit in cash holding will decrease the quality of profit by -0.710199, assuming the other variables remain constant.

4.8 Panel Data Regression Analysis with Moderation

Table 14. Panel Data Regression Analysis without Moderation

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-7.014679	5.595276	-1.253679	0.2137
PL	12.70209	10.10508	1.257000	0.2125
CH	5.667973	4.073921	1.391282	0.1680
M1	94.12874	80.49529	1.169370	0.2458
M2	21.76592	10.20788	2.132267	0.0361
C01	0.263853	0.171687	1.536825	0.1283

Source: EViewsver-12 data processing (2024)

Based on the results of the analysis, only profit persistence (PL) does not have a significant influence on profit quality. There was no positive and significant effect at the level of significance of 5% (t-statistic 1.2570000, probability 0.2125), indicating that an increase of one unit in PL would not improve the quality of profit.

4.9 Hypothesis Test Analysis

4.9.1 Simultaneous Significance Test (Test F)

This test was carried out by comparing the value of Fcal with Ftable with an error rate of α = 0.05 (5%). As for finding out the value of the Ftable, it can be done with the following calculations:

Ftabel = α; df = (n-k), (k-1)
= 5%; df = (85-2), (4-1)
= 0.05; df (83.3) = 2.715

Table 15. Test F

Root MSE	2.351994	R-squared	0.192498
Mean dependent var	2.061838	Adjusted R-squared	0.152123
S.D. dependent var	2.632899	S.E. of regression	2.424380
Akaike info criterion	4.666051	Sum squared resid	470.2093
Schwarz criterion	4.809736	Log likelihood	-193.3072
Hannan-Quinn criter.	4.723845	F-statistic	4.767746
Durbin-Watson stat	2.007414	Prob(F-statistic)	0.001680

Source: EViewsver-12 data processing (2024)

From the results of the above data, it can be concluded that the independent variables, namely profit persistence and cash holding, together affect the quality of profit.

4.9.2 Individual Parameter Significance Test (t-Test)

Based on the comparison of the tcount value and the ttable, the basis for decision-making is:

1) If the count is <, then H0 is accepted and Ha is rejected (no effect).
2) If the count is >, then H0 is rejected and Ha is accepted (there is an effect).

Decision making to reject or accept a hypothesis with a total of 80 data and with a significance level of 0.05, the value of the table is:

ttable = α; df = (n-k)
= 5%; df = (85-2)
= 0.05; df(83) = 2.372

Table 16. Test t

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.529563	5.188642	-1.258434	0.2119
PL	8.089129	7.729373	1.046544	0.2985
CH	7.003147	2.899251	2.415502	0.0180
KA	14.09007	3.650853	3.859391	0.0002
SIZE	0.245872	0.160292	1.533902	0.1290

Source: EViewsver-12 data processing (2024)

Then the results of the t-test are as follows:

1) There is no effect between the variable of profit persistence on the quality of profit, because the tcount value of < ttable (1.046544 > 2.372) and the probability value are 0.2985 > 0.05. So that there is no influence between the variable of profit persistence on the quality of profit, or in other words Ho is accepted and Ha is rejected.
2) There is an influence between the cash holding variable on the quality of profit, because the ttable > calculation value (2.415502> 2.372) and the probability value is 0.0180 < 0.05. So that there is an influence between the cash holding variable on the quality of profit, or in other words, Ho is rejected and Ha is accepted.

4.9.3 Determination Coefficient Test (R2)

The following are the results of the determination coefficient test:

Table 17. Determinant Coefficient Test

Root MSE	2.351994	R-squared	0.192498
Mean dependent var	2.061838	Adjusted R-squared	0.152123
S.D. dependent var	2.632899	S.E. of regression	2.424380
Akaike info criterion	4.666051	Sum squared resid	470.2093
Schwarz criterion	4.809736	Log likelihood	-193.3072
Hannan-Quinn criter.	4.723845	F-statistic	4.767746
Durbin-Watson stat	2.007414	Prob(F-statistic)	0.001680

Source: EViewsver-12 data processing (2024

Based on table 17, it shows that the Adjusted R-squared magnitude is 0.152123 or 15.2123%. This shows that the contribution of independent variables of profit persistence and cash holding is 15.2123% while the remaining 84.7877% is explained by other factors that are not studied in this study.

4.9.4 Test Moderating Regresion Analysis (MRA)

Here are the results of the MRA test:

Table 18. Moderating Regresion Analysis (MRA) Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-7.014679	5.595276	-1.253679	0.2137
X1	12.70209	10.10508	1.257000	0.2125
X2	5.667973	4.073921	1.391282	0.1680
M1	94.12874	80.49529	1.169370	0.2458
M2	21.76592	10.20788	2.132267	0.0361
C01	0.263853	0.171687	1.536825	0.1283

Source: EViewsver-12 data processing (2024)

Based on the results of the MRA test value, it can be explained as follows:

1) The role of accounting conservatism shows that it cannot moderate the influence of profit persistence on profit quality. This can be seen from the t-statistical value of 1.169370 with a probability value of 0.2458 (greater than the significant level of 0.05).
2) The role of accounting conservatism shows that it can moderate the influence of cash holding on profit quality. This can be seen from the t-statistical value of 2.132267 with a probability value of 0.0361 (less than the significant level of 0.05).

4.10 Discussion of Research Results

1) The Effect of Profit Persistence and Cash Holding on Profit Quality

Based on the results of the F test, it can be seen that the Prob value (F statistic) is 0.001986 < 0.05, which shows that all independent variables, namely the operating cycle and default risk simultaneously or together, have a popsitive effect on the quality of profits in companies in the consumer goods industry sector listed on the IDX for the 2019-2023 period.

2) The Effect of Profit Persistence on Profit Quality

Based on the results of the test analysis, the t-test data in table 4.16 shows that there is no influence between OT and profit quality. Where the probability value is 0.2985 > 0.05 with a TL regression coefficient of 8.089129, it means that there is no influence given by PL on the quality of profit with positive characteristics.

3) The Influence of Cash Holding on Profit Quality
   Based on the results of the analysis of the t-test data in table 4.16, it shows that there is an influence between Cash holding on the quality of profit. Where the probability value is 0.0180 < 0.05 with the result of the cash holding regression coefficient value of 7.003147, it means that there is an influence given by cash holding on the quality of profits with positive characteristics
4) The Effect of Profit Persistence on Profit Quality with Accounting Conservatism as a Moderation Variable
   Based on the MRA test in table 4.19, the tests that have been carried out show the results of the regression coefficient value with moderation variables which makes the interaction model between profit persistence and accounting conservatism (PL*KA) of 12.70209. So, it means that the influence given is positive, so that the higher the interaction between profit persistence and accounting conservatism, the higher the quality of profit. On the other hand, the lower the interaction between profit persistence and accounting conservatism, the lower the quality of profits.
5) The Effect of Cash Holding on Profit Quality with Accounting Conservatism as a Moderation Variable
   Based on the MRA test in table 4.19, the tests that have been carried out show the results of the regression coefficient value with the moderation variable which makes the interaction model between cash holding and accounting conservatism (CH*KA) of 5.667973. So, it means that the influence given is positive, so that the higher the interaction between cash holding and accounting conservatism, the higher the quality of profits. On the other hand, the lower the interaction between cash holding and accounting conservatism, the lower the quality of profits.

5. Conclusion

Although persistent profits are often considered to be of high quality due to their ability to predict future profits, there are several factors that can cause differences between persistence and quality of profits, such as accounting manipulations, external factors, industry characteristics, large investments and expenses, and differences in accounting policies. Therefore, the assessment of profit quality should consider the broader context and not only depend on its persistence level. Cash holding has a positive effect on the quality of profits, this is because sufficient cash ownership provides better liquidity for the company, allows the company to face uncertainty and maintain operational stability. This can help generate more stable and sustainable profits, which reflects better profit quality. Cash holding has a positive effect on the quality of profits because it provides financial stability, reduces risk, allows for prudent investments, reflects efficient management, and provides reserves for the future. Thus, adequate cash ownership can improve the quality of the company's profit. Accounting conservatism cannot moderate the effect of profit persistence on profit quality, this is because accounting conservatism cannot always moderate profit persistence on profit quality due to a variety of factors, including a focus on avoiding information asymmetry, profit fluctuations, short-term influences, potential accounting manipulation, and an emphasis on loss recognition. Therefore, while conservatism may provide more cautious financial statements, this does not necessarily mean that the quality of profits will improve or that the persistence of profits will reflect better quality of profits. Accounting conservatism cannot moderate the influence of cash holding on the quality of profits, this is because accounting conservatism is mainly related to financial reporting and not directly with cash operations

or management. Therefore, conservative practices do not directly affect how cash is held or used, which means that the impact of cash holding on profit quality may not be moderated by conservative accounting approaches. Accounting conservatism cannot moderate the relationship between cash holding and profit quality because of its primary focus on early recognition of losses and slower revenues, as well as its indirectness to cash operations and management. As a result, the benefits of cash holding providing liquidity and financial stability may not be fully reflected in the quality of conservatively reported earnings.

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