

ABSTRACT

This study aims to determine cash holdings, leverage, political connections, and profit quality. It also analyzes the simultaneous and partial effects of cash holdings, leverage, and political connections on profit quality in energy sector companies listed on the Indonesia Stock Exchange from 2019 to 2023.

This study employs a quantitative approach using purposive sampling. The analysis method used is panel data regression, utilizing Eviews 12 software. The sample includes 24 companies, resulting in a total of 120 observations analyzed over five years.

The results indicate that cash holdings, leverage, and political connections simultaneously influence profit quality. Partially, leverage has a significant negative effect on profit quality. Meanwhile, cash holdings and political connections do not have a significant partial effect on profit quality, although cash holdings have a negative direction and political connections have a positive direction.

Based on these findings, the research recommendations provide additional information regarding the relationship between cash holdings, leverage, and political connections on profit quality. Future researchers are advised to expand the scope of the study by including other sectors, such as the infrastructure and real estate sectors. Additionally, it is recommended to alter or extend the research period to observe trends and changes in profit quality over time. For investors and prospective investors, it is recommended to consider a company's leverage level in the investment decision-making process. For companies, maintaining a healthy debt structure is important to avoid undermining the credibility of financial statements.

Keywords: *Cash Holding, Political Connections, Profit Quality, Leverage*