ABSTRACT

The aim of this study is to examine the effect of related party transactions on firm performance, and also investigate the effect of corporate governance moderation on the relationship between related party transactions and firm performance.

The sample in this study are all companies listed on the Indonesia Stock Exchange with a sample of companies included in the CGPI index in the financial sector for the 2016-2018 period with a sample of 66 companies. The variables in this study are related party transactions (RPT) which are proxied by using related party revenue (RP Revenue), corporate governance is proxied by CGPI (Corporate Governance Perception Index), firm performance which uses the Return On Assets (ROA) proxy. This study uses a multiple linear regression analysis (MRA) tool that functions to determine the effect of related party transactions on firm performance with corporate governance as a moderating variable.

The results of this study indicate that related party transactions (RPT) have a significant positive effect on firm performance. Related party transactions (RPT) that have a significantly positive effect on firm performance can be proven empirically through the results of multiple linear regression testing. This study also provides information that corporate governance proxied using CGPI is not able to weaken the negative influence of related party transactions (RPT) on firm performance.

Keywords: Related Party Transactions, Corporate Governance, and Firm Performance.