

## **ABSTRACT**

*One of the firm's goals is to improve the welfare of shareholders as evidenced by the increase in firm value. Firm value is an investor's perception of the company's success rate which is often associated with the share price. The high price of the company's shares will increase profits for shareholders so that the firm value increases.*

*This study aims to determine the effect of related party transactions and earnings management on firm value with institutional ownership as a moderation variable on consumer cyclicals sector listed on the Indonesia Stock Exchange in 2017-2021. The data obtained in this study comes from the company's annual report and financial statements taken from the official website of the Indonesia Stock Exchange and the company's official website.*

*The methods used in this study were panel data analysis and moderated regression analysis using Eviews 12. The sample technique used in this study was purposive sampling. The sample in this study amounted to 110 observational data, but there were outliers as many as 31 data, so the final data used in this study was 79 data.*

*The study results show that related party transactions, earnings management, and institutional ownership simultaneously affect the value of the company. In addition, related party transactions, earnings management, institutional ownership, interaction of related party transactions with institutional ownership, and interaction of earnings management with institutional ownership also simultaneously affect firm value. Partially, only related party transactions have a negative effect on firm value, while earnings management does not affect firm value. Institutional ownership as a pure moderator moderates the influence of related party transactions and earnings management on firm value.*

*This research is expected to provide an overview for companies to be able to suppress transactions with related parties owned in order to reduce unfavorable views from investors and must pay attention to ways to increase company value in addition to using financial statements. In addition, further researchers are expected to conduct further research with different independent variables using both the same object and different objects.*

**Keywords:** *Firm Value, Related Party Transaction, Earning Management, Institutional Ownership*