**ABSTRACT**

This study aimed to examine the effect of firm size and the components of good corporate governance to the phenomenon of earnings management in manufacturing companies in Indonesia. The population in this study are all companies listed on the Indonesia Stock Exchange 2010-2012. The research sample set by using purposive sampling method. The samples obtained are as many as 42 companies. Research hypothesis testing using multiple regression analysis. The results show that the first hypothesis (H1) which states that the size of the company's negative effect on earnings management is not acceptable. The second hypothesis (H2) which states that the negative effect of institutional ownership on earnings management is not acceptable. The third hypothesis (H3) which states that the composition of the board of commissioners negatively affect earnings management is not acceptable. As well, the fourth hypothesis (H4) which states that the size of the accounting firm specializing negatively affect earnings management is not acceptable.

Keywords: company size, good corporate governance, institutional ownership, board composition, size of the accounting firm specializing, and earnings management.