

## **ABSTRACT**

*This study aimed to examine the effect of corporate governance mechanisms, the agency costs and financial ratios to financial distress in companies listed on the Indonesian Stock Exchange. This study uses eight variables that can affect the predicted of financial distress. four variables are indicators of corporate governance mechanism that size of board of commissioners, the proportion of independent commissioners, institutional ownership, and managerial ownership. one variable for managerial agency costs. The three variables that are indicators of financial ratio is profitability, liquidity, and financial leverage.*

*This study used a sample of manufacturing companies listed in Indonesia Stock Exchange during the period 2013-2015. Purposive sampling method is used to determine the sample in accordance with the criteria used, so it found a sample of 39 companies. In this study conducted during the observation period of three years, then after the sample is multiplied by the period of observation obtained 117 corporate data sample used. This research was conducted with quantitative methods and analysis used the logistic regression test.*

*The results showed that all the corporate governance mechanism and agency costs variable are not significantly influence the company's financial distress prediction. Variable financial ratios of liquidity and financial leverage are not significantly influence the company's financial distress prediction. while profitability significantly influence the company's financial distress prediction.*

*Keywords: Mechanism of Corporate Governance, Agency Costs, Financial Ratios, Financial Distress.*