# ***ABSTRACT***

*This study aims to analyze the factors that influence the likelihood of financial distress in manufacturing companies in Indonesia. Financial distress is defined as a situation in which companies are experiencing financial difficulties. This study uses nine variables that might impact on the condition of financial distress at the company. Four variables are indicators of the corporate governance structure of institutional ownership, managerial ownership, the proportion of independent commissioners, and the board of directors size. Three the other variables are conditions of the sample firms, they are firm size, liquidity, leverage. While the remaining two variables are directors turnover, they are the number of incoming new director, and the number of the old director come out.*

*This study used samples of manufacturing firms listed Indonesia Stock Exchange during the period 2008-2011, with a total sample of 85 companies that meet the criteria specified sample through purposive sampling method. Once multiplied by the length of the study period, which for the past 4 years, as many as 340 companies obtained the samples used in the study. The research was conducted by quantitative methods and methods of analysis used logistic regression analisys.*

*Results showed not all corporate governance mechanisms significantly influence the occurrence of financial distress. Only variable proportion of independent commissioners and board of directors size that proved significantly to occurrence of financial distress.. While variable conditions significantly to the company's financial distress are firm size, leverage, and the number of directors out.*

***Keywords**: Financial distress, good corporate governance, firm size, liquidty, leverage, directors turnover.*