

## **ABSTRACT**

*The purpose of this research was to determine the effect of corporate governance with the company's capital structure . To obtain that capital is usually the company issuing new shares or by borrowing from creditors. Error in determining the capital structure will have a broad impact for the company . The decision could lead to the addition of the company's capital so necessary to the agency problem of corporate governance mechanisms . Board size , managerial ownership , institutional ownership and audit committee is part of corporate governance used in this study .*

*This research was conducted by the method of documentation of the annual report companies listed in Indonesia Stock Exchange ( IDX ) 2010-2012 . The sampling method used in this study was purposive sampling , the number of samples obtained 195 samples . Testing hypotheses using regression analysis .*

*The results of this study showed variable managerial ownership and audit committee has significant and negative effect on the capital structure . While variable board size has a positive effect but no significant effect on capital structure . So also with institutional ownership shows negative and significant relationship to the capital structure .*

*Keywords : capital structure , corporate governance , company manufactures .*