

The Impacts of Cost Stickiness on the Profitability of Indonesian Firms

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Abstract : The objectives of this study are to investigate the existence of the sticky cost behaviour of firms listed in the Indonesia Stock Exchange (IDX) and to find an evidence on the effects of sticky operating expenses (SG&A expenses) on profitability of firms. For the first objective, this study found that the sticky cost behaviour does exist. For the second objective, this study finds that the stickier the operating expenses the less future profitability of the firms. This study concludes that sticky cost affects negatively to the performance and, therefore, firms should include flexibility in designing the cost structure of their firms.

Keywords : sticky costs, Indonesia Stock Exchange (IDX), profitability, operating expenses, SG&A

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