

Analysis of Behavior and Determinants of Cost Stickiness in Manufacturing Companies in Indonesia

Authors : Farizy Yunaz, Catur Sasongko

Abstract : This research aims to provide the empirical evidence regarding cost stickiness behavior and its determinants on listed manufacturing companies. Hypothesis testing is performed using pooled least square method. The result concludes that there is cost stickiness behavior in selling, general and administrative costs. In term of determinants, firm-specific adjustment costs measured by asset intensity and employee intensity have significant positive impact on the level of cost stickiness. Meanwhile, earnings target and leverage have significant negative impact on the level of cost stickiness. However, the management empire building incentives measured by free cash flow has no significant positive impact.

Keywords : adjustment cost, cost behavior, cost stickiness, earnings target, leverage, management empire building incentive

Conference Title : ICBAF 2017 : International Conference on Banking, Accounting and Finance

Conference Location : London, United Kingdom

Conference Dates : April 24-25, 2017