

THE INFLUENCE OF DIVIDEND PAYOUT, ASSET INTENSITY, AND DEBT INTENSITY ON COST STICKINESS

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Abstract

Cost stickiness is an important concern in management accounting studies because it indicates asymmetric costs. Operating costs tend to rise when sales increase but not when sales decline. This condition has significant implications for business sustainability. The purpose of this study is to investigate the impact of dividend payout, asset intensity, and debt intensity on cost stickiness in companies listed in LQ45 from 2019 to 2022). This study tests the drivers between independent and dependent variables using a quantitative approach. The study's secondary data originates from financial filings that have been made public. According to the study findings, cost stickiness is influenced by asset intensity and dividend payout to a partially extent, but not by the debt intensity variable. Since cost behavior through cost stickiness can maximize the achievement of company goals and identify the right use of resources, it is important for the company to manage it appropriately. Monitoring and controlling dividend payout, asset intensity, and debt intensity are necessary to ensure that they maximize the potential to boost sales.

Keywords: Asset Intensity; Cost Stickiness; Debt Intensity; Dividend Payout.

INTRODUCTION

Every company has the implicit goal of achieving business sustainability. To put it simply, more effective and efficient management of income and cost is the key to ensuring business continuity. Unlike income, which is determined by the forces of supply and demand in the market, costs are a factor that the corporation can control. The whole duty for cost management lies on the company. Asymmetric costs are a phenomenon in which the cost response to a drop in activity is either bigger or lower than the cost response to an increase in activity. This type of cost behaviour is known as sticky cost behaviour or anti-sticky cost behaviour (Abu-Serdaneh, 2014). Anderson et al. made the initial discovery of cost behaviour in 2003. Anderson et al., (2003) contrasted "alternative" cost behaviour models with classic cost behaviour models, in which costs rise with rising activity rather than fall with falling activity. It is crucial for

management accountants to understand asymmetric cost behaviour. Cost behaviour is a component of decision-making processes that include budgeting, controlling, and compensation decision (Abu-Serdaneh, 2014). Sticky costs also arise when managers modify capacity to satisfy varying demand; however, as demand rises, so does the cost of adding capacity, and as demand falls, so do the costs of removing capacity (Cannon, 2014). The causes of cost stickiness must be identified and managed by the company so that the company can achieve cost efficiency. Dividend payout has an impact on cost stickiness because costs are a component of determining profit, so cost behaviour has a direct impact on the company's dividend policy (He et al., 2020). Naturally, management needs to be able to allocate its resources according to the amount of the dividend distribution policy that has been decided. The company's asset mix is displayed through asset intensity. The company is able to generate goods and services with its owned assets. According to Bugeja et al., (2015), cost stickiness happens when managers think that the drop in sales is only temporary and absorb the costs of underutilized resources to prevent future adjustment costs from resource additions and cutbacks as demand rises. It is important to pay attention to this in order to prevent resource waste. This is not limited to asset intensity; it also applies to debt intensity. For certain, using debt will result in significant future costs because debt must be paid in addition to the initial amount owed. Companies must be prudent in their finance choices to ensure that there are no significant roadblocks to fulfilling their financial commitments. The topic of study by some authors in the field of management accounting is cost stickiness, which is currently to be researched in samples of companies in various nations worldwide (Pamplona et al., 2016). Every industry experiences the cost stickiness phenomenon, which affects employees at every level of the company. LQ45 is a series of companies with strong liquidity that come from a variety of industries. Activities related to budgeting, control, and performance evaluation require a thorough grasp of cost behaviour (Özkaya, 2021). Testing the correlation between these factors and cost stickiness in companies listed on LQ45 is therefore essential for this study. In addition, this research is an important foothold for companies in the LQ45 to be able to compete globally by managing costs well and also being able to meet shareholder expectations.

Adjustment Cost Theory

This theory states that when shock occurs, a company cannot immediately change production factors without incurring adjustment costs (Eltivia et al., 2019). Adjustment costs play an important role in regulating the level of cost stickiness, especially under tight financial constraints (Li et al., 2025). Jin & Wu (2021) adding workforce adjustment costs (termination, recruitment, training) directly increases the likelihood of cost stickiness. Thus, adjustment costs will play a significant role if there

is a significant increase or decrease. If there is a decline in sales and the company reduces operating costs, this will impact future costs.

Dividend payout against cost stickiness

The ability of the companies to distribute dividends from its earnings is explained by dividend payment. Certainly, in order for shareholders to have faith in management, the dividend payment policy that has been put in place is a goal that management of the company must fulfill in accordance with their mutual agreement. Disclosure of dividend payments will incentivize the corporation to improve performance, necessitating effective and efficient resource management, including raising income earned. This circumstance illustrates the connection between cost stickiness and dividend payout; if the company want to pay higher dividends, management will be better advised in pursuing revenue streams from the operations it manages. In general, investors prefer higher dividends to lower ones. As a result, it's critical that companies can draw in investors with well-established dividend policies. A study by Homburg et al., (2019) attested that dividend payout has an impact on cost stickiness, which is consistent with the earlier claim. According to adjustment cost theory, companies with high Dividend payout face liquidity constraints because a large portion of profits are distributed to shareholders. This situation makes it difficult for companies to cover restructuring costs such as layoffs, contract cancellations, or asset sales. Due to these cash constraints, managers prefer to maintain existing costs rather than undertake costly adjustments, thus increasing cost stickiness. It is reasonable to assume that dividend payout influences cost stickiness based on these components.

H1: dividend payout influences cost stickiness

Asset intensity against cost stickiness

Zhang et al (2019) discovered that companies whose sell machinery and equipment are responsible for disposal charges, whereas those who buy new machinery and equipment must pay for installation and shipment. The organization will make the best use of its assets in order to accomplish its objectives. Indubitably, it affects variations in sales. Assets are one of the resources that must support increased sales. If the company's production assets rise as well, it will be able to meet its sales goal. The company would not always sell the assets it bought or possessed in the prior period, though, if revenues decrease in the subsequent one. In the event that the company liquidates its assets as a result of declining sales, it could incur losses. Should sales rise the following period, expenses would also rise. Therefore, the company must continue to maintain the machine and take responsibility for any consequences that may arise. Herfanti & Prasetyono (2023) supports the preceding point by explaining why asset intensity affects cost stickiness in manufacturing enterprises on the IDX between 2016 and 2020. Evelyn (2019) demonstrated that asset intensity influences

cost stickiness, providing similar results. According to adjustment cost theory, companies with high asset intensity have a significant portion of fixed assets, such as machinery, buildings, and production equipment. These assets are long-term and cannot be easily reduced without adjustment costs. Due to these high adjustment costs, companies with high asset intensity tend to maintain their assets even when sales decline. This results in asset-related costs, such as depreciation, maintenance, insurance, and other overhead, remaining high and difficult to reduce in the short term, resulting in increased cost stickiness. It can be inferred from these charges that asset intensity influences cost stickiness.

H2: asset intensity influences cost stickiness

Debt intensity against cost stickiness

A key component of reaching objectives is asset intensity. There are two parts to this: assets and debt. Companies with significant liabilities undoubtedly motivate management to use their own assets to satisfy their commitments. The presence of debt intensity will require the company to be able to increase sales in order to meet its commitments. As a result, managerial conduct is incentivized to perform better; in the absence of such incentives, such as meeting commitments, subpar use of available resources will occur. Research by Habib & Costa (2021) and Kato et al (2021) bolsters the claims made. According to adjustment cost theory, companies with high debt intensity bear significant interest and principal payments. These fixed obligations create fixed commitments that are difficult to reduce, even when sales decline. If companies want to adjust costs, they will face significant adjustment costs, such as debt contract renegotiations, penalties for early repayment, or a loss of creditor confidence, which can increase future funding costs. Therefore, companies with high debt intensity tend to maintain their existing cost structure, even if sales decline. This results in high costs, both interest and operating costs associated with the use of borrowed funds, that remain difficult to adjust in the short term. This condition reinforces the phenomenon of cost stickiness, where costs do not decrease as quickly as they increase when sales increase. It follows that debt intensity influences cost stickiness based on the rationale that has been provided.

H3: debt intensity influences cost stickiness

RESEARCH METHOD

This study uses quantitative methods. The data used in this study comes from secondary data available in annual reports and financial reports obtained on the company's official website and on the Indonesian Stock Exchange (BEI) website. The LQ45 category, which consists of 45 enterprises with high liquidity, is the list of companies sampled in this study. The process for calculating the sample size in this study is described in Table 1.

Table 1. Summary of Islamic Religious Education Students

Information	Number of Samples
Number of LQ45 companies	45
Not Paid Dividend in 2019-2022	(19)
Number of observation companies	24
Final sample size (x 4 years)	104

Source: Processed Data (2025)

This study includes cost stickiness as the dependent variable and dividend payout, asset intensity, and debt intensity as the independent variables

Tabel 2. Variables Measurements

Variables	Measurement	Scale
Cost Stickiness	$\text{Log} \left[\frac{\text{Sales}_{i,t}}{\text{Sales}_{i,t-1}} \right] + \text{DECDUM} * \text{Log} \left[\frac{\text{Sales}_{i,t}}{\text{Sales}_{i,t-1}} \right]$	Ratio
Dividend Payout	$\text{DECDUM} * \text{Log} \left[\frac{\text{Sales}_{i,t}}{\text{Sales}_{i,t-1}} \right]$	Ratio
Asset Intensity	$\text{DECDUM} * \text{Log} \left[\frac{\text{Sales}_{i,t}}{\text{Sales}_{i,t-1}} \right] * \left[\frac{\text{Total Asset}}{\text{Sales}} \right]$	Ratio
Debt Intensity	$\text{DECDUM} * \text{Log} \left[\frac{\text{Sales}_{i,t}}{\text{Sales}_{i,t-1}} \right] * \left[\frac{\text{Total Debt}}{\text{Sales}} \right]$	Ratio

Source: Processed Data (2025)

Changes in yearly net sales are used as a moderating variable in the form of a sales change dummy to measure the variables that affect cost stickiness. If net sales fall between periods t-1 and t, the fall Dummy variable (DECDUM) has a value of 1; otherwise, it has a value of 0.

RESULT AND DISCUSSION

Result

Tabel 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Dividend Payout	104	-.212	.000	-.01024	.033293
Intensity Asset	104	-6.240	.000	-.09090	.618884

Intensity Debt	104	-.843	.000	-.02123	.094609
Cost Stickiness	104	-1.233	.455	.01872	.168317
Valid N (listwise)	104				

Source: Processed Data (2025)

Tabel 4. Hypothesis Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	.057	.009		6.387	.000
	Dividend Payout	2.404	.320	.475	7.505	.000
	Asset Intensity	.125	.019	.460	6.542	.000
	Debt Intensity	.088	.105	.050	.840	.403

Source: Processed Data (2025)

Tabel 5. Coefficient Determinants

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.867(a)	.752	.744	.085148

a. Predictors: (Constant), Debt Intensity, Dividend Payout, Asset Intensity

b. Dependent Variable: Cost Stickiness

Source: Processed Data (2025)

Discussion

Descriptive statistics are included in Table 3 and explain that the 104 samples in this study originated from 24 companies during the course of four years of observation (2019–2022). The average dividend payout ratio of -0.01024 with a standard deviation of 0.033293 indicates that the companies in the sample generally tend to distribute low or even negative dividends. This small variation indicates that dividend distribution behaviour is relatively homogeneous across companies. Furthermore, asset intensity has an average value of -0.0990 with a standard deviation of 0.618884. This value indicates that companies' asset intensity tends to be low in general, but with a wide spread in the data. This indicates significant differences between companies in utilizing their assets. The debt intensity variable has an average value of -0.02123 with a standard deviation of 0.094609, indicating that the average company's debt intensity is relatively low with a moderate level of variation.

Based on the results of multiple linear regression analysis in table 4, the following equation can be seen as follows:

$$Y = 0,057 + 2,404 \text{ Dividend payout} + 0,125 \text{ Asset intensity} + 0,088 \text{ Debt intensity}$$

According to the aforementioned calculation, cost stickiness has a constant predictor variable value of 0.057. If all other predictor variables remain constant, an increase of 1 in the dividend payment value leads to an increase in cost stickiness of 2.404. Assuming the other predictor variables remain constant, an increase of 1 in asset intensity corresponds to a 0.125 increase in cost stickiness. Assuming the other predictor variables remain constant, an increase of 1 in the debt intensity value leads to a corresponding increase in cost stickiness of 0.088.

The results of the hypothesis testing presented in Table 3 demonstrate that the dividend payout variable affects cost stickiness, since the sig value is $0.000 < 0.05$. As a result, the first hypothesis (H1)—which claims that "dividend payout influences cost stickiness"—is supported. Acceptance of this hypothesis is consistent with Chen et al (2022) explanation of how cost stickiness in companies listed on the Shanghai Stock Exchange (SSE) is impacted by dividend policy. These findings are consistent with Golden & Zheng (2022) finding that cost stickiness and dividend policy are related. The more dividends paid out, the more efficiently the company will use its resources—in this example, sales—to ensure the success of its owners. This circumstance also arises when managerial actions that do not optimize resource allocation to satisfy shareholder prosperity are motivated by the reduced dividend payout.

The results of the hypothesis testing presented in Table 3 demonstrate that the asset intensity variable affects cost stickiness, since the sig value is $0.000 < 0.05$. This explains why the finding that "asset intensity influences cost stickiness" (H2), the second hypothesis, is accepted. Acceptance of this theory is consistent with the findings of Jazuli et al (2020), who examined the relationship between asset intensity and cost stickiness in manufacturing enterprises between 2014 and 2018. Similar findings were attested by Bugeja et al (2015) in Australia, where security measures were implemented between 2010 and 2020. Because asset intensity affects how the company manages its resources, it is necessary for it to be well managed. Due to the relationship between asset intensity and cost stickiness, a corporation with substantial asset holdings will naturally require more work to maintain and manage those holdings using its available resources. It is the duty of management to make the most use of the assets that are possessed as they are what boost the output of products and services.

It is evident from the hypothesis testing in Table 3 that debt intensity influences cost stickiness, as the sig value is $0.403 < 0.05$. This explains why the third hypothesis (H3), according to which "cost stickiness is influenced by debt intensity," is not

accepted. This hypothesis is rejected in accordance with Nugraha (2015), who found that debt intensity in manufacturing enterprises between 2011 and 2013 had no effect on cost stickiness. Operating activities and investments are financed with the help of creditors. This research answers that debt intensity has no effect on cost stickiness. Cost stickiness is unaffected by debt severity, regardless of size. This requirement means that the company incurs debt for purposes other than its operations, turning it into an obligation that is unrelated to its business. Due to this lack of influence, the company does not operate in a way that best uses its resources. Table 5 indicates that the adjusted R-Square of 0.744, or 74.4%, which means that 74.4% of the study's predictor factors had an effect on the dependent variable, with the remaining 25.5% being explained by variables not included in the analysis.

CONCLUSION

The test results in this study show that dividend payout and asset intensity have an effect on cost stickiness, while debt intensity does not show an effect on cost stickiness. Furthermore, table 4 suggests that 74.4% of the predictor variables in the study influence the dependent variable, with an adjusted R-Square of 0.744 or 74.4% explaining this relationship. The remaining 25.5% can be explained by variables not included in this study.

This study suggests and demonstrates that dividend policy offers helpful direction to motivate companies to establish a dividend policy that is acceptable, consistent with their capabilities, and avoids unnecessary cost sacrifices. If the company can determine the capacity of the assets it possesses and effectively utilize it, acquiring and utilizing assets will be crucial. Additionally, the company must be able to manage its assets efficiently in order to enhance the volume of goods and services produced. Aside from that, the company needs to be proficient at handling debt that it has acquired from other sources. It is envisaged that the funding—which is not solely for non-operational purposes—will be used to maximize the company's performance improvement.

Due to its usage of LQ45 companies, this study has a limitation in which it does not provide a comprehensive view of the situation within a particular industry. Other than that, not all of the LQ45 companies paid dividends continuously from 2019 to 2022. Therefore, it is envisaged that samples that may accurately represent the general characteristics of a certain industry will be available for use in future study

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