

Sales order backlog and corporate cash holdings

Kailing Deng; Linda Nichols; Li Sun

[+ Author & Article Information](#)

Asian Review of Accounting (2020) 28 (3): 351–371.

<https://doi.org/10.1108/ARA-08-2019-0147> Article history 

Purpose

We examine the impact of sales order backlog (an important leading performance indicator) on corporate cash holdings and the role of corporate governance in the relation between sales order backlog and cash holdings.

Design/methodology/approach

We use the regression analysis to examine our research questions.

Findings

Consistent with the agency motive and the precautionary motive of cash holdings, we document a significant negative relation between order backlog and cash, suggesting that firms with higher order backlog hold less cash. We further examine and find that the relationship between order backlog and cash becomes stronger for firms with stronger corporate governance, highlighting the role of governance in determining the level of corporate cash holdings.

Originality/value

Our study contributes to the accounting literature on sales order backlog and the finance literature on corporate cash holdings. In particular, our study contributes to developing a more comprehensive understanding of the sales order backlog because it is still an under-researched area in accounting. To the best of our knowledge, this study is perhaps the first empirical study that examines the direct link between order backlog and cash.

Keywords: [Sales order backlog](#), [Corporate cash holdings](#), [Corporate governance](#), [Leading indicator](#), [G30](#), [G39](#), [M40](#), [M49](#)

You do not currently have access to this content.

Sign in

Don't already have an account? [Register](#)

Client Account

Email address / Username

Password

[Reset password](#)

[Register](#)

ICE Member Sign In

[Log in](#)



[Access through your institution](#)

Purchased this content as a guest? Enter your email address to restore access.

Email Address

[Pay-Per-View Access €35.00](#)

We use cookies to optimize site functionality and targeting cookies to give you the best possible experience. Your experience, your choice. Learn more here:

[Visit our cookie policy page](#)

This article is also available for rental through DeepDyve.

