“Investigating the effect of sales growth and corporate governance on brand decline in industrial firms”

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INVESTIGATING THE EFFECT OF SALES GROWTH AND CORPORATE GOVERNANCE ON BRAND DECLINE IN INDUSTRIAL FIRMS

Abstract

In recent years, concerns over brand sustainability have gained attention in industrial markets, where financial decision-making and governance structures often prioritize operational efficiency over intangible assets. As industrial firms navigate competitive pressures and dynamic economic conditions, understanding the drivers of brand value erosion has become increasingly relevant. This study investigates whether sales growth, liquidity, and corporate governance influence brand decline in industrial firms listed on the Amman Stock Exchange in Jordan.

The analysis uses panel data covering the years 2014 to 2023, with a focus on variables extracted from audited financial statements. Brand decline is measured using operating margin as a financial proxy, while corporate governance is represented by board size and the number of independent directors. Liquidity is assessed through the current ratio, and sales growth is calculated annually.

The results reveal that liquidity has a statistically significant and positive effect on brand decline (coefficient = 0.071, p = 0.003), explaining approximately 2.4% of the variance. Corporate governance factors are jointly significant (F = 6.51, p = 0.002), accounting for 6.2% of brand decline variation, although individual components – board size and board independence – do not retain significance when entered together due to multicollinearity. Sales growth shows no significant effect on brand decline (p = 0.841).

These findings suggest that excess liquidity and governance structure can influence brand outcomes, while sales growth alone does not safeguard against brand erosion. Industrial firms must align financial and governance strategies with long-term brand management priorities.

Keywords brand equity erosion, sales revenue growth, short-term solvency, governance mechanisms, industrial branding, manufacturing sector, Jordan

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INTRODUCTION

In today's intensely competitive industrial landscape, a company's brand stands as more than just a symbol of identity, it embodies value, trust, and strategic positioning. Yet, even well-established brands can experience gradual erosion when internal and external conditions shift unfavorably. Among the multitude of factors that may quietly undermine a brand's standing, fluctuations in sales performance, financial liquidity, and the strength of corporate governance practices often play a critical role. These elements do not operate in isolation; they interact in ways that either reinforce or destabilize the company's brand in the minds of stakeholders.

To manufacturing firms in such new economies as Jordan, risk of brand decline is most relevant. Market size is small, resources are lim-

ited, and economic fluctuation pose a constant threat. With manufacturing companies struggling to be relevant and durable, brand value becomes increasingly responsive to reality in operations. A sudden drop in sales, say, can not only affect revenues but also notify the market that the brand is losing momentum or falling behind peers. Similarly, lower liquidity can limit the company from investing in quality, R&D, or advertising – those areas that most directly influence the perception of a brand. Besides, the absence of good corporate governance practices can allow inefficiencies or reputational risks to go unchecked, which further tarnish the image of the firm.

The scientific challenge, therefore, is how these organizational and economic factors – all too often viewed as standalone concerns – are coming together so they can affect a company's brand trajectory. The recognition of brand decline as both a marketing problem but also an indicator of deeper strategic and structural forces reveals unperceived realities. This research places itself in that very point of intersection, trying to explore the underlying but real relationships between the intrinsic performance measures and extrinsic reputation of industrial firms' brand strength.

1. LITERATURE REVIEW

For industrial businesses in emerging markets such as Jordan, the threat of brand decline is particularly salient. Limited resources, small market size, and economic volatility present constant challenges. While manufacturing companies fight to remain relevant and resilient, brand value is more susceptible to operational conditions. A sudden drop in sales, say, not only hampers revenues but also enlightens the market that the brand is losing momentum or falling behind the competition. Similarly, damaged liquidity can bind the company from investing in quality, innovation, or advertising — areas that directly influence brand perception. Further, the absence of good governance practices can allow inefficiencies or reputational risk to be ignored, thus further damaging the firm's image.

The most frequently quoted problem is working capital efficiency. Al-Debi'e (2011) emphasized that in Jordanian industrial firms, weak working capital policies directly lead to reduce the long-term competitiveness, both of which can accelerate brand value.

Grossmann and Hottiger (2020) determined that the liquidity constraints can effect the capacity of firms to compete productively, thus damaging their perceived market power. One of the early authors in this area, Hager (1976), noted that poor cash cycle management undermines brand-supportive investment, such as quality and timely delivery – very significant elements in industrial brand perception.

Macro-financialally, Bianchi and Bigio (2022) emphasized the aspect that banks' provision of liquidity and monetary policy may influence firms' internal liquidity decisions indirectly, which in turn has implications related to brand-related effects. Wang (2002) linked liquidity management to corporate value directly and pointed out that cash decisions in operations are the determinants of outside perceptions, such as a firm's brand in both Japanese and Taiwanese markets.

Sales performance is also a typical brand strength or weakness driver. Bosch et al. (2017) examined how sales volatility is a source of cost stickiness that reduces decision-making flexibility as well as financial flexibility, impairing brand investment. Ahmed et al. (2021) also suggested that volatile sales levels interfere with the use of financial policy, making the company less able to signal strength or reliability in the market. Da Silva et al. (2019) also added that companies that engage in earnings management during low sales performance end up experiencing reputation losses, affecting their long-term brand image.

Corporate governance is also a component of the important element. Alareeni and Hamdan (2020) discovered that enhanced systems of governance in S&P 500 firms were associated with better performance and consistent public reputation. Pramartha et al. (2020) established that governance is a moderator in financial decisions. Subramanyam and Shalini (2019) built upon this by presuming that transparency and disclosure practices are what build stakeholder trust – spirit of brand credibility.

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Purbawangsa et al. (2020) shown that profitability and governance standards affect the external reputation of the firm by capturing brand strength. Such an argument has traction with Cherian et al. (2019), whose argument is that corporate social responsibility and good governance come hand in hand to assist long-term brand equity especially in manufacturing environments.

Profitability, both financial and brand performance, has been explored extensively. Dechow et al. (1998) and Sloan (1996) showed that earnings and cash flows are not only predictors of financial health but also measures of organizational credibility, an intangible quality directly associated with branding. Similarly, Han et al. (2020) showed that ownership diversity and liquidity influence stock behavior, reflecting perceived brand stability in capital markets.

Leverage and liquidity occur as a pair in industrial environments as well. Samo and Murad (2019) examined Pakistani textile companies and discovered that excessive financial leverage lowered profitability, limiting investment in brand activities. That is the same conclusion as Fekadu's (2020) research on Ethiopian construction companies, where bad capital structure choices harmed firm overall performance and market presence.

The working capital policies was studied by Ukaegbu (2014) who found that firms in Africa with efficient working capital management reported higher profitability and brand visibility. Sabri (2012) and Junli (2011) both supported this issue, suggesting that different working capital strategies have several effects on the firm's long-term viability and market value.

Research on cash cycles and profitability further elaborates the relationship between internal financial behavior and external perception. Jose et al. (1996) confirmed that longer cash conversion cycles are often symptomatic of inefficiencies that undermine brand strength.

Several studies emphasize the indirect but powerful effects of governance on brand stability. Cherian et al. (2019) highlighted that brand equity is higher among firms with consistent CSR engagement and strong oversight. Kartikasary et al. (2020) added that weak credit management and poor regulatory compliance can negatively affect a firm's image, leading to subtle yet significant brand erosion. From a strategic viewpoint, Gleim and Flesher (2018) argued that financial decision-making, including budgeting for marketing and R&D, is inseparable from brand strategy. Zutter (2018) reinforced this by noting that managerial finance decisions must account for long-term intangible assets like brand reputation, even when short-term financial returns seem more pressing.

Sector-specific findings also shed light on the problem. Munangi and Bongani (2020) linked credit risk management in South African banks to institutional trust, drawing parallels to brand equity in non-financial firms. Nazar et al. (2018) added that clustering financial institutions by performance also reveals common branding strengths and weaknesses tied to operational structure.

Liquidity also affects firm resilience. Kartikasary et al. (2020) argued that high non-performing loans in Indonesia reduced public trust in financial firms, a dynamic also visible in industrial firms through delayed product delivery or inconsistent quality. Klobučar and Orsag (2019) further showed that excessive leverage can strain stakeholder relationships, including with customers, damaging brand equity.

Working capital and brand health go hand in hand. Mahjabeen et al. (2018) compared large and small Pakistani firms, concluding that smaller firms are more sensitive to working capital shocks, making their brands more vulnerable during downturns. Lim and Rokhim (2020) observed that profitability in Indonesian pharmaceutical firms was significantly affected by operational efficiency, again tying internal practices to external brand performance.

Finally, studies such as Han et al. (2020), Li et al. (2020), and Wijaya et al. (2020) draw attention to the broader monetary and economic contexts within which brands operate. These are not necessarily about branding, per se, but they affect investor sentiment and consumer confidence, both of which have effects on the valuation and perception of brands in the longer term.

Overall, literature reviewed confirms that brand decline needs to be deciphered beyond liquidity, financial, and governance considerations. The interplay of these inner structures with outside perceptions is particularly robust in industrial firms, where operations performance and financial discipline are correlated directly with brand identity. With thorough research in each area, there is an important gap to explore how they interactively affect brand erosion, especially in emerging economies like Jordan.

This study seeks to investigate the extent to which sales growth, liquidity, and corporate governance contribute to brand decline among Jordanian industrial firms. By connecting internal financial behaviors to brand-related outcomes, the study aims to offer insight into how operational discipline translates into brand sustainability.

The study hypotheses are:

H1: Good Corporate Governance proxies' components do not have a statistically significant impact on Brand Decline.

H2: The firm sales growth percentage does not have a statistically significant impact on Brand Decline.

H3: The firm liquidity does not have a statistically significant impact on Brand Decline.

2. METHODOLOGY

This study adopts a quantitative research design to examine the relationship between sales growth, liquidity, corporate governance, and brand decline in industrial firms. The empirical approach relies on panel data analysis, grounded in financial indicators extracted from the annual reports of manufacturing companies listed on the Amman Stock Exchange (ASE). The choice of this sector and geographic scope reflects both the economic importance of the industrial sector in Jordan and the availability of structured financial disclosures.

The study population includes all industrial firms listed on the ASE between 2014 and 2023. Firms with missing data for three or more consecutive years were excluded to maintain the integrity and consistency of the panel dataset. The final sample consists of a balanced panel of manufacturing companies representing various subsectors such as pharmaceuticals, construction materials, chemicals, food processing, and textiles. Data were collected manually from audited financial statements published on the official ASE website, as well as through the Securities Depository Center and firm-specific disclosures.

- Brand Decline (BD) (dependent variable): Since brand valuation is not directly reported in financial statements, this study approximates brand decline using a combination of financial and proxy indicators. Specifically, the inverse of the ratio of selling and marketing expenses to total revenue is used, under the logic that diminishing promotional efforts, relative to revenue, may signal weakening brand positioning. Additionally, a declining trend in revenue growth paired with stagnant or rising customer acquisition costs (when disclosed) is used as a supplemental signal of brand erosion.

In this study, brand decline is assessed using financial performance indicators, specifically Gross Margin and Operating Margin. These metrics serve as proxies for brand strength, as they reflect a company's ability to maintain pricing power and operational efficiency – key aspects influenced by brand equity (Shubita 2021). A declining Gross Margin may indicate increased production costs or reduced pricing power, while a decreasing Operating Margin could suggest higher operating expenses or diminished sales efficiency. Such financial deteriorations can be symptomatic of weakening brand performance in the market. This approach aligns with established financial analysis practices, where margin ratios are utilized to evaluate profitability and, by extension, aspects of brand health (Ab Joma et al. 2025; Abufardeh & Albloush, 2025; Al Shibly et al., 2025).

- Sales Growth (SG) (independent variable 1): Measured as the annual percentage change in total sales revenue:

- Liquidity (Liq.) (independent variable 2): Assessed using the Current Ratio, defined as

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current assets divided by current liabilities. This ratio reflects the firm's ability to meet short-term obligations and preserve operational continuity, which indirectly supports brand performance.

- Corporate Governance (independent variable 3): Corporate governance quality is captured using a governance index constructed from annual reports, based on the presence of specific features:

1. Independent Commissioners (IND) are members of the board of commissioners who are not affiliated with management and are free from business relationships or otherwise that can affect the ability to act independently or act solely in the interests of the company. Independent commissioners' measurement is as follows: Independency= number of independent members/total BOD members.

2. Board Size (BS) is the number of board of directors' size.

The relationship between the dependent and independent variables is tested using a fixed-effects panel regression model, which controls for time-invariant firm-specific heterogeneity. The baseline models are specified as follows:

The first model that will used to examine the first hypothesis is:

$$Bdit = A0 + A1Ind + A2\,BS + Eit. \quad (1)$$

The second model that will used to examine the second hypothesis is:

$$Bdit = A0 + A1SG + Eit. \quad (2)$$

The third model that will used to examine the third hypothesis is:

$$Bdit = A0 + A1Liq + Eit, \quad (3)$$

where A_0, A_1, A_2 = OLS regression coefficients, i – firm, t – year, ε – error.

All data used in this study are secondary, publicly available, and derived from audited financial statements. No confidential or sensitive firm-level data were accessed. The research follows ethical norms of academic transparency and methodological rigor.

3. RESULTS

Table 1 presents the descriptive statistics for all variables, including sample size (N), mean, median, standard deviation (SD), and range (min–max). Board Size (BS) averaged about 7.80 members (median 7, range 3–19). The number of Independent Directors (IND) on the board had a similar mean of 7.03 (median 7, range 1–19), reflecting that boards were largely composed of independent members on average. The firms' liquidity, measured by the Current Ratio (CR), showed a mean of 3.039 (median 1.54) with a very wide range (0.021 to 47.448), indicating highly skewed distribution with some firms having extremely high liquidity. Brand Decline (BD) had an average near zero (–0.001), but a large standard deviation (1.221) and a range from –17.725 to 0.720, implying most firms experienced relatively small changes in brand value while a few saw very large increases in brand value (since negative BD indicates growth). Sales Growth (SG) was also extremely variable (mean ~1.501, median –0.022, SD ~23.474), ranging from –0.992 (99.2% decline) to an outlier of 438.640 (over 438 times growth), resulting in a highly skewed distribution. These statistics suggest that both BD and SG are non-normally distributed (high skewness and kurtosis), which is why we complement Pearson correlations with Spearman rank correlations for robustness.

Table 2 shows the correlation matrix for the key variables. Pearson correlation coefficients (parametric) are reported above the diagonal, and Spearman's rho (nonparametric rank correlation) below the diagonal. We observe that Brand Decline (BD) is positively and significantly correlated with the corporate governance measures and liquidity. Specifically, BD has a moderate positive correlation with Board Size (Pearson $r = 0.190$, $p < 0.01$; Spearman $\rho = 0.224$, $p < 0.01$) and with the number of Independent Directors (Pearson $r = 0.250$, $p < 0.01$; Spearman $\rho = 0.288$, $p < 0.01$). In other words, firms with larger boards and more independent directors tended to experience great-

Table 1. Descriptive statistics of the variables (N = sample size, SD = standard deviation)

Variable	N	Mean	Median	SD	Min	Max
Board Size (BS)	329	7.80	7.00	2.596	3	19
Independent Directors (IND)	208	7.03	7.00	2.976	1	19
Current Ratio	409	3.039	1.538	5.471	0.021	47.448
Brand Decline (BD)	365	–0.001	0.132	1.221	–17.725	0.720
Sales Growth (SG)	365	1.501	–0.022	23.474	–0.992	438.640

er brand decline on average. BD is also positively correlated with the Current Ratio (Pearson r = 0.156, $p < 0.01$), indicating that higher liquidity is associated with higher subsequent brand decline. Notably, the Spearman correlation between Current Ratio and BD is much stronger ($\rho = 0.478$, $p < 0.01$), suggesting a monotonic relationship – firms with higher liquidity consistently rank higher in brand decline – even though the Pearson correlation is modest (the disparity likely stems from the skewed distribution of the Current Ratio; a few extremely high-liquidity firms also had high brand decline, elevating the rank correlation).

Interestingly, Sales Growth (SG) showed no significant linear correlation with BD (Pearson r = 0.011, p = 0.84, effectively zero), implying that, in simple terms, sales growth is not linearly related to changes in brand value across the sample. However, the Spearman correlation for SG–BD is moderately positive and significant ($\rho = 0.243$, $p < 0.01$). This indicates that when considering the ranked data (less influenced by outliers), firms with higher sales growth tended to also exhibit greater brand decline. The discrepancy between Pearson and Spearman here suggests the SG–BD relationship might be non-linear or driven by outliers: a handful of firms with extraordinary sales growth also saw large brand declines, boosting the rank-order correlation despite no linear trend in the full sample.

Finally, we note that Board Size and Independent Directors are extremely highly correlated (Pearson r = 0.916, Spearman $\rho = 0.932$, both $p < 0.01$). This multicollinearity implies that firms with larger boards also have more independent directors (which is logical if independent members comprise a large portion of the board). Such a high inter-correlation foreshadows potential issues in the regression analysis when both variables are included together, as it may be difficult to disentangle their individual effects.

Table 2. Pearson (above diagonal) and Spearman (below diagonal) correlation matrix for the study variables

	BS	IND	CR	BD	SG
BS	–	0.916**	0.230**	0.190**	–0.060
IND	0.932**	–	0.202**	0.250**	–0.025
CR	0.105	0.145*	–	0.156**	–0.039
BD	0.224**	0.288**	0.478**	–	0.011
SG	–0.003	–0.018	0.029	0.243**	–

Note: $p < 0.01$ (two-tailed) is denoted by **, and $p < 0.05$ by *.

We next tested the hypotheses using regression models, with Brand Decline (BD) as the dependent variable in all models. Table 3 summarizes the regression results for each hypothesis. All regressions were run using the enter method, and variance inflation factors were checked to assess multicollinearity where applicable.

H1 predicted that Sales Growth (SG) would significantly affect subsequent Brand Decline. In Model 1, BD was regressed on SG alone. Consistent with the Pearson correlation finding, sales growth did not show any significant effect on brand decline. The coefficient for SG was essentially zero (B = 0.001, t = 0.201) and not statistically significant (p = 0.841). This model explained virtually none of the variance in BD ($R^2 \approx 0.0\%$). Thus, *H1* is not supported: we find no evidence that higher sales growth leads to any change (increase or decrease) in brand decline for the sampled firms.

H2 stated that Liquidity (measured by the current ratio) has an effect on Brand Decline. Model 2 tested this by regressing BD on the Current Ratio (CR). In contrast to sales growth, liquidity emerged as a significant predictor of brand decline. The model was statistically significant ($F(1,363) = 9.016$, p = 0.003), with an R^2 of 0.024, indicating that about 2.4% of the variance in brand decline is explained by liquidity alone. The coefficient on Current Ratio was positive and significant (B = 0.071, p = 0.003). This result implies that firms with higher liquidity

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tended to experience greater brand decline, supporting *H2*. It is worth noting that the positive direction of this effect might seem counter-intuitive if one expected that abundant liquidity allows firms to invest in brand maintenance (thus reducing brand decline). Our finding suggests the opposite in this sample, possibly firms with unusually high liquidity are not effectively leveraging their resources to sustain brand value, or perhaps they are mature firms with slowing growth in brand despite strong finances. We will explore this in the discussion, but from a statistical standpoint, liquidity is a significant factor in explaining brand decline.

H3 proposed that Corporate Governance characteristics influence Brand Decline. We operationalized corporate governance via two variables: board size (BS) and the number of independent directors (IND). Model 3 in Table 3 includes both BS and IND as simultaneous predictors of BD. The overall regression was significant ($F(2,196) = 6.510$, $p = 0.002$), with $R^2 = 0.062$ (about 6.2% of BD variance explained by these governance factors). This indicates that, collectively, board structure is related to brand decline, lending general support to *H3*. However, a closer look at the individual predictors reveals a nuanced story. Neither board size nor board independence by itself showed a statistically significant unique effect on BD at the conventional 0.05 level once both were in the model. Board Size had a very small negative coefficient (B = –0.001) with $p = 0.943$ (n.s.), and Independent Directors had a positive coefficient (B = 0.027) with $p = 0.177$ (n.s.). In other words, taken one at a time, neither a change in board size nor in the number of independents is significantly associated with brand decline when the other is controlled. This is almost certainly due to the multicollinearity between BS and IND, because the two governance measures move together, the model has difficulty attributing the explained variance to one vs. the other. The fact that the model as a whole is significant while neither predictor is individually significant suggests that board characteristics do matter in aggregate (supporting *H3* overall), but we cannot definitively pinpoint whether it is board size, board independence, or the combination that drives the effect. We note that the sign of the coefficients differed (BS showed a negative sign, IND a positive sign), which might imply divergent influences if taken at face value, for instance, larger boards (controlling for the number of independents) might slightly reduce brand decline, whereas more independent directors (for a given board size) might correspond to increased brand decline. However, given the lack of statistical significance of these coefficients, such interpretations are speculative. In sum, *H3* is partially supported: the corporate governance variables together have a significant effect on brand decline, but the individual contribution of each component is unclear due to their interdependence.

Table 4. Average brand decline by year

Year	Average Brand Decline
2015	–0.02
2016	–0.01
2017	0.00
2018	0.01
2019	0.02
2020	–0.01
2021	0.03
2022	0.01
2023	0.01

Table 3. Regression results

Predictor	Model 1: Sales Growth	Model 2: Liquidity	Model 3: Corporate Governance
Sales Growth (SG)	0.001 (0.003)	–	–
Current Ratio (CR)	–	0.071** (0.024)	–
Board Size (BS)	–	–	–0.001 (0.021)
Independent Directors (IND)	–	–	0.027 (0.020)
Constant	–0.002 (0.064)	–0.173* (0.085)	–0.030 (0.064)
R^2	0.000	0.024	0.062
Adjusted R^2	–0.003	0.022	0.053
F-statistic (df)	0.04 (1, 363)	9.02 (1, 363)	6.51 (2, 196)
Model *p*-value	0.841	0.003	0.002

Note: Regression analysis results for the effect of Sales Growth (*H1*), Liquidity (*H2*), and Corporate Governance (*H3*) on Brand Decline. Coefficients are unstandardized B estimates with standard errors in parentheses. Boldface indicates $p < 0.01$, italic indicates $p < 0.05$. BS = Board Size, IND = Independent Directors, CR = Current Ratio, DV = Dependent Variable = Brand Decline.

Table 4 illustrates the average brand decline across all industrial firms for each year in the period 2015–2023. As shown, the figures fluctuate around zero, indicating that while most firms maintain stable brand value, some years (notably 2021) witnessed slight increases or decreases, likely due to external shocks or shifts in financial priorities.

In summary, the results indicate that out of the three hypothesized influences on brand decline, liquidity had a clear and significant effect (supporting *H2*), sales growth showed no significant impact (rejecting *H1*), and corporate governance factors collectively had a significant albeit interwoven effect (*H3* partially supported). These findings will be discussed in detail in the next section, including potential reasons why high liquidity might be linked to greater brand decline and why stronger governance (larger, more independent boards) did not translate into the expected mitigation of brand decline in our sample.

4. DISCUSSION

The findings of this study provide compelling insights into the dynamics influencing brand decline among industrial firms operating in the Jordanian market. By statistically analyzing the effects of sales growth, liquidity, and corporate governance on brand value erosion, the results challenge some common managerial assumptions while reinforcing others.

First, the analysis revealed that sales growth does not have a significant linear impact on brand decline when measured across the entire sample. Although Spearman correlations suggested a weak positive rank association between these two variables, the regression analysis confirmed that sales growth alone does not predict brand erosion in a statistically meaningful way. This contradicts the widely held belief that increasing revenues automatically enhance or preserve brand value. One plausible interpretation is that industrial firms, particularly in mature sectors, may achieve higher sales through price discounts, contract-based deals, or increased volume without necessarily strengthening their brand equity. In other words, growth in sales may reflect transactional gains rather than long-term brand perception improvements. This is especially likely in commodity-based or low-differentiation industries where brands compete primarily on cost rather than emotional or reputational attributes.

In contrast, liquidity emerged as a statistically significant and positively related predictor of brand decline. This finding may initially appear counter-intuitive, as liquidity is generally viewed as a sign of financial health. Corporate governance, as measured by board size and the number of independent directors, was found to be a collectively significant factor in explaining variation in brand decline (Alshdaifat et al., 2025). However, when examined individually, neither variable exhibited statistically significant effects due to their high multicollinearity (Aziz et al., 2025). Alternatively, the overlap between board size and independence may obscure more nuanced interactions, such as the quality of board engagement or alignment with marketing leadership, which are not captured in structural measures alone.

When comparing these results with prior research (Salahaldin & Atua, 2022; Al-Khazaleh et al., 2025; Mansour et al., 2025b; Al-Khazaleh et al., 2024; Salahaldin & Hussein, 2022) both alignment and divergence are evident. The observed weak connection between sales growth and brand performance mirrors findings from earlier studies that caution against conflating top-line growth with brand equity enhancement. Likewise, the liquidity–brand decline relationship resonates with recent literature suggesting that idle or misallocated financial resources can dilute long-term strategic value. The corporate governance findings, while complex, reflect an ongoing debate within the academic community about whether structural governance measures are adequate proxies for strategic effectiveness or brand stewardship.

The implications of these findings extend beyond academic interpretation (Amara et al., 2025). For managers, the results highlight the need to scrutinize liquidity management and governance structure through the lens of branding outcomes (Shubita, 2019). Holding cash reserves may offer short-term security, but without proactive brand investment, it can signal market withdrawal or stagnation. Similarly, effective governance should not only ensure compliance and oversight but also support strategic alignment with market dynamics and brand-building efforts (Moa. Shubita & Moh. Shubita, 2010).

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For policymakers and regulatory bodies, these results underscore the importance of encouraging transparency in branding-related expenditures and linking board evaluation to a wider set of performance indicators (Mansour et al., 2024). Investors may also find value in assessing brand sustainability as a dimension of firm health, especially in industries where product differentiation is limited and reputation drives competitive advantage (Mansour et al., 2025a).

Looking ahead, further research could benefit from integrating qualitative measures of brand perception, such as customer satisfaction indices or brand awareness surveys, with financial indicators. Additionally, examining the interaction effects between governance characteristics and marketing investments could offer more refined insights. Expanding the scope to include service-oriented or consumer-facing sectors may also test the generalizability of these findings across different market contexts.

CONCLUSION

The objective of this study was to investigate the effect of sales growth, liquidity and corporate governance on brand decline among industrial companies. The findings suggest that liquidity- and governance-related features are the important drive for changes in brand value, whereas sales growth intensity reflects no official privacy of brand erosion. Results indicate that high liquidity is associated with unexpectedly higher brand decline, which may be attributed to inadequate use of financial resources in branding activities. Moreover, although corporate governance variables in aggregate are significant determinants for explaining brand outcomes individually the effects of board structure variables are still statistically inconclusive because they are interconnected.

From these findings, it can be concluded that maintaining brand strength in industrial environments requires more than sales expansion or financial conservatism. Firms must align financial decisions and governance frameworks with long-term brand strategy, ensuring that operational soundness is matched with market relevance. These insights offer practical value to managers and policymakers seeking to sustain competitive advantage through better integration of branding, finance, and governance practices.

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