FINANCIAL PERFORMANCE AND CLUB SUCCESS IN THE ENGLISH PREMIER LEAGUE

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Abstract

This study investigates the business impact of financial performance on the competitive success of football clubs in the English Premier League (EPL) during the 2016/2017 to 2022/2023 seasons. Recognizing that strategic financial management is critical for sustainable club growth and market competitiveness, this research adopts a quantitative explanatory approach. Using secondary financial data, it applies descriptive statistics, multiple linear regression, and hypothesis testing (T-test, F-test, and R^2) to examine how key financial indicators: profitability (ROA, ROE), liquidity (CR), and leverage (DER) influence club performance on and off the pitch. The findings reveal that effective asset utilization (ROA) and liquidity management (CR) significantly drive club success, highlighting the importance of financial health in operational decision-making and competitive positioning. Meanwhile, profitability measured by ROE and leverage ratios showed no statistically significant effects. This study offers practical insights for club management and stakeholders on prioritizing financial strategies to optimize financial sustainability and sporting achievements, strengthening the business foundations of EPL clubs.

Keywords: *Financial Performance, Club Success, English Premier League*

1. INTRODUCTION

Football is the most popular sport worldwide, drawing an estimated 4 billion fans through various media platforms such as television, digital streaming, and social media (Oliveira, 2024). The global reach of football has made it a source of entertainment and a significant industry. Fans engage with national teams, local clubs, and major global clubs, highlighting their high loyalty and emotional connection with the sport. Over time, football has transcended the field to become a powerful global commodity. This growth is primarily driven by the increasing revenue generated from broadcasting rights, sponsorships, and international merchandise sales, which contribute to the commercialization of football (FIFA, 2022; Gafà, 2014; Ronald & Jean-Pierre, 2019). The impact of fan engagement in this commercialization process has resulted in football becoming a high-revenue industry that requires significant financial management to maintain long-term success.

As football has become more business-oriented, the financial aspects of the game have taken center stage. Clubs are no longer just athletic teams but have become entities managed like professional companies. Key business strategies focusing on financial management, revenue generation, and cost control are essential for clubs to ensure financial stability and competitive success (Sauer et al., 2024).

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Factors such as broadcasting rights, sponsorships, and player transfers are now integral to a club's overall financial performance, which directly impacts the club's talent for bringing in top performers and enhancing infrastructure, and remaining competitive (Bhandari, 2016; Coskun et al., 2021). The growing importance of financial management in football clubs highlights the need for a deep understanding of how finances influence business and sporting success.

Despite the EPL's status as the world's most commercially successful league, many clubs have faced financial challenges, especially after the COVID-19 pandemic. Debt levels surged in the 2021/2022 season but showed recovery in 2022/2023 (Deloitte, 2024) .Over the past decade, numerous EPL clubs have struggled with liquidity, low asset turnover, high debt dependence, and weak profitability, with many recording pre-tax losses (Plumley et al., 2020; Rompotis, 2024).

A combination of technical and managerial factors on the field often influences the performance of clubs in the English Premier League (Zülch et al., 2020). Major clubs such as Manchester City and Liverpool frequently perform consistently domestically and in international competitions. This success is driven by effective management in terms of game strategy, player development, and physical preparation (Samur, 2017). In contrast, while clubs like Tottenham Hotspur show solid gameplay, they can compete at the top of the EPL but struggle to win the championship. Conversely, how EPL clubs perform on the pitch is also influenced by financial advancements and changes that allow clubs to strengthen their squad and infrastructure (Hammarström et al., 2019).

Manchester City has dominated the EPL in recent years, demonstrating the ability to perform at the highest level due to financial strength, which allows them to recruit world-class players and invest in team facilities. Therefore, while financial aspects are important, a club's performance also depends on managerial skills and strategies implemented on the field (Kamau Kinyariro et al., 2017; Rohde & Breuer, 2016). This relationship between club performance and financial strength further extends to the market value of both players and clubs, when teams perform better on the field, it often drives an upward trend in market value, benefiting the financial aspects of the club (Bhilawa & Fahriansyah, 2022).

The club's size in the English Premier League also plays a key role in determining its performance. Larger clubs, such as Manchester City or Liverpool, often have greater resources, including staff, training facilities, and financial capacity to recruit quality players. A large firm size reflects the advantages derived from the company's resources (Daromes et al., 2022). This gives them a competitive advantage in navigating a long and competitive season, both domestically and internationally. Conversely, smaller clubs, although they perform well often face challenges in player rotation and squad depth, which can ultimately impact their performance consistency throughout the season (Escamilla-Fajardo et al., 2022; Urdaneta et al., 2021). Firm size also contributes to the profitability of the company, as larger firm can leverage their resources to generate higher revenues (Ismawati et al., 2024).

This study explores the relationship between the financial performance of EPL clubs and their on-field success, focusing on profitability, liquidity, and leverage. By analyzing data from the 2016/2017 to 2022/2023 seasons, it aims to fill a gap in existing literature on how financial metrics like ROA, ROE, CR, and DER influence sports performance. The research will contribute to football accounting by highlighting the role of financial strategies in achieving both economic stability and success in the EPL (Di Simone & Zanardi, 2020; Ecer & Boyukaslan, 2014; Ferri et al., 2017; Leksowski, 2021; Rey & Santelli, 2017; Sakınç, 2014).

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This study's findings are expected to assist club managers, investors, and other parties interested in the football business. They will offer actionable insights into the financial practices that can help football clubs achieve sustainable long-term success. Moreover, the study will contribute to expanding knowledge on football finance, particularly in regions where this type of research is still underdeveloped, such as Indonesia.

2. LITERATURE STUDY

2.1 Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory, proposed by Edith Penrose in 1959 and further developed by Jay Barney in 1991, emphasizes the significance of a firm's internal resources in creating a sustainable competitive advantage. According to RBV, firms that manage and utilize valuable, rare, and inimitable resources can achieve long-term success (Barney, 1991). In the context of football clubs, this theory suggests that the effective management of internal resources, such as players, financial resources, infrastructure, and club management, leads to enhanced on-field performance and better financial outcomes.

2.2 Financial Performance and Financial Ratios

Financial performance is assessed using key ratios such as profitability, liquidity, and leverage. Profitability ratios like ROA and ROE measure asset and equity utilization efficiency, while liquidity, through the Current Ratio (CR), evaluates the ability to cover short-term liabilities. Leverage ratios, like the Debt-to-Equity Ratio (DER), indicate debt reliance for financing. These ratios are crucial for assessing a football club's financial health and its ability to invest in player acquisition, training, and other factors that enhance sports performance (Ecer & Boyukaslan, 2014). Financial stability boosts market value, as high profitability and low debt attract investors. In contrast, poor financial management reduces performance and limits value (Wuryani et al., 2021).

2.3 Club Performance

Club performance reflects a football team's outcomes, shaped by offensive, defensive, physical, technical, and tactical aspects. Indicators like assists, shots on target, saves, and passing accuracy are key in evaluating success, though their influence may vary by league culture. It also involves a club's ability to manage financial, managerial, and operational factors contributing to overall competitiveness. The English Premier League (EPL), as the top division in English football, consists of 20 teams playing 38 matches each season. Teams receive three points for a win, one for a draw, and none for a loss. The bottom three clubs are relegated to the Championship, while the top three Championship teams are promoted, making season-long performance crucial for staying in the top tier (Galariotis et al., 2018; Zambom-Ferraresi et al., 2018; Zülch et al., 2020).

2.4 Previous Research

Previous studies show mixed results on how financial performance, profitability, liquidity, and leverage affect football club success. Di Simone & Zanardi (2020) and Ferri et al. (2017) found positive links between high profitability (ROA, ROE, ROI) and better performance. In contrast, Rompotis (2024) and Sánchez et al. (2020) found that high profitability may hurt on-field results. For liquidity, Sakinc et al. (2017) saw a positive effect, while Wilson et al. (2013) observed no clear impact. Regarding leverage, Ferreira et al. (2023) showed efficient debt helps performance, but Rey & Santelli (2017) found excessive debt reduces it.

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2.5 Hyphotesis Development

Clubs with higher Return on Assets (ROA) are generally more efficient in using their assets to generate profits, which can contribute positively to their performance in the league. While some studies (e.g., Alexopoulos & Dimitropoulos, 2019) show a weak positive correlation between ROA and league points, others (Lempinen & Rylander, 2020) suggest a more direct relationship with club ranking. From a Resource-Based View (RBV) perspective, effective internal resource utilization can enhance ROA, supporting both financial and sporting success.

H1a: ROA has a positive impact on the performance of EPL clubs.

Return on Equity (ROE) reflects how well a club generates profits from shareholders' investments. Research by Di Simone & Zanardi (2020) confirms that a higher ROE is associated with improved sports performance. According to the RBV, clubs with strong equity returns are better positioned to reinvest in core assets like players and facilities, thus gaining a competitive edge.

H1b: ROE has a positive impact on the performance of EPL clubs.

A high Current Ratio indicates a club's strong liquidity position, enabling it to fulfill short-term obligations and sustain daily operations smoothly. Financial stability through good liquidity allows clubs to invest in team development and improve competitiveness. The RBV framework views this as an indicator of sound financial management that supports long-term performance.

H2: The Current Ratio (CR) has a positive impact on the performance of EPL clubs.

Debt to Equity Ratio (DER) indicates a club's financial leverage. Studies show that high DER is linked to poorer performance, as excessive debt can limit a club's ability to invest in talent and infrastructure (Rey & Santelli, 2017; Alexopoulos & Dimitropoulos, 2019). Within the RBV, lower leverage reduces financial risk and allows better allocation of resources for competitive advantage.

H3: DER has a negative impact on the performance of EPL clubs.

Table 1 Summary of Hypothesis

Hypothesis	Variable	Expected Sign	Explanation
H1a	Return on Assets (ROA)	Positive	ROA reflects a club's efficiency in managing assets to generate profits, providing a competitive advantage in line with the Resource-Based View (RBV). Although its effect is small, ROA is positively correlated with club performance (Alexopoulos & Dimitropoulos, 2019; Arbelo et al., 2020).
H1b	Return on Equity (ROE)	Positive	ROE indicates effective management of internal resources, enabling clubs to improve performance and sustain competitive advantage as described by RBV (Di Simone & Zanardi, 2020; Newbert, 2014; Costa et al., 2018b).

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Hypothesis	Variable	Expected Sign	Explanation
H2	Current Ratio (CR)	Positive	CR measures liquidity and financial stability, supporting operational needs and investments in team quality. It is a key financial resource indicator in RBV that enhances club competitiveness (Sakınç, 2014; Tsai & Fang, 2023).
H3	Debt to Equity Ratio (DER)	Negative	A high DER indicates greater financial risk, negatively impacting club performance. Low leverage allows strategic investment and internal capacity development, aligning with RBV principles (Rey & Santelli, 2017; Alexopoulos & Dimitropoulos, 2019; Ramadhanti & Saad, 2024).

Source: Processed by the Author, 2025

3. RESEARCH METHODOLOGY

The method used in this study is quantitative research, as described by Sugiyono (2013), to identify problems using empirical data and relevant theories, followed by hypothesis formulation and testing. The research aims to explain the relationships between variables such as financial performance, club performance, and club size, which are all numerical and can be analyzed objectively through statistical techniques. This method allows for causal relationship analysis and generalization of findings, chiefly to project the impact that financial health has on the performance of clubs within the EPL.

This study uses secondary data, including financial reports and club performance data. Financial data is sourced from official club websites, Football Finance (https://www.footballfinance.de/en/), and the UK government website (https://www.gov.uk/), while club performance data is retrieved from Transfermarkt (https://www.transfermarkt.com/).

This comprehensive sample includes clubs like Leeds United, Chelsea FC, Newcastle United, Arsenal FC, Sunderland AFC, Manchester United, Brighton and Hove Albion, Hull City, Tottenham Hotspur, Cardiff City, Leicester City, Wolverhampton Wanderers, Burnley FC, Watford FC, Brentford FC, Southampton FC, Stoke City, Crystal Palace, Middlesbrough FC, West Ham United, Liverpool FC, Sheffield United, Fulham FC, Manchester City, Swansea City, Nottingham Forest, Everton FC, Norwich City, Aston Villa, West Bromwich Albion, AFC Bournemouth. This diverse group provides a solid foundation for evaluating the financial and sporting outcomes of top-tier English football clubs over the study period.

Table 2 Sample Selection Criteria

No.	Criteria	Total
1	Clubs that have participated in the English Premier League (EPL) and EFL Championship from the 2016/2017 to 2022/2023 seasons	74

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No.	Criteria	Total
2	Clubs that have participated and published complete financial reports in the EPL from the 2016/2017 to 2022/2023 seasons	32
Total Sample		32
Total Observations: 32 x 7		224

Source: Processed by the Author, 2024

The dependent variable in this study is club performance, which is measured using a sports performance ratio. This ratio calculates the proportion of points a club earns from the total points available in a season. The ratio is calculated by dividing the total points earned by the maximum points a club can achieve in a season. A ratio closer to 1 reflects better performance, while a ratio closer to 0 indicates poorer performance (Ferri et al., 2017).

The independent variables in this study are financial performance measures, which are proxied by ROA (Return on Assets), ROE (Return on Equity), CR (Current Ratio), and DER (Debt to Equity Ratio). Financial performance refers to evaluating the efficiency of a company's financial management based on financial ratios, which compare data in financial statements to assess the company's achievements (Hutabarat, 2020). The control variable in this study is club size, which is measured by the natural logarithm of total assets (LN total assets). Club size plays an important role as it reflects the club's resource base, which may impact its financial and sports performance (Urdaneta et al., 2021).

This study uses secondary data through documentation, analyzing financial reports and club performance. Multiple linear regression examines the effect of ROA, ROE, CR, and DER on club performance with club size as a control. Descriptive statistics summarize the data, followed by tests for normality, multicollinearity, heteroscedasticity, and autocorrelation. The F-test, t-test, and R^2 are used to assess model significance, individual effects, and explanatory power (Ghozali, 2018).

4. RESULT AND DISCUSSION

4.1 Result

Descriptive statistics in Table 3 show wide variability in EPL clubs' financial and performance indicators from 2016/2017 to 2022/2023. ROA ranged from -1.66 (Nottingham Forest, 2021/2022) to 3.85 (Stoke City, 2021/2022), with a mean of -0.0991. ROE ranged from -14.16 (Fulham, 2017/2018) to 122.13 (Crystal Palace, 2017/2018), averaging 0.5422. CR had extreme values from 0.02 (Middlesbrough, 2020/2021) to 166.15 (Newcastle, 2017/2018), with a mean of 1.3733. DER ranged from -535.11 (Crystal Palace, 2017/2018) to 63.96 (Southampton, 2020/2021), averaging -2.5887. Club size varied between 9.27 (Sheffield United, 2017/2018) and 14.70 (Tottenham, 2022/2023), while club performance ranged from 0.14 (Huddersfield, 2018/2019) to 0.88 (Manchester City, 2017/2018), with a mean of 0.4833.

Table 3 Result Descriptive Statistical Analysis

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	224	-1,66	3,85	-,0991	,40502
ROE	224	-14,16	122,13	,5422	8,37497

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	N	Minimum	Maximum	Mean	Std. Deviation
CR	224	,02	166,15	1,3733	11,07262
DER	224	-535,11	63,96	-2,5887	39,22380
SZ	224	9,27	14,70	12,0649	1,12583
CP	224	,14	,88	,4833	,14727
Valid N	224				

Source: Processed by the Author, 2024

The data initially failed the normality test (significance = 0.003) as shown in Table 4, but once outliers were excluded, the Kolmogorov-Smirnov test confirmed normal distribution (p-value = 0.200), as seen in Table 5, supporting regression validity.

Table 4 Normality Test Before Outlier Removal

	Unstandardized Residual
N	224
Asymp. Sig. (2-tailed)	,003[c]

Source: Processed by the Author, 2024

Table 5 Normality Test After Outlier Removal

	Unstandardized Residual
N	150
Asymp. Sig. (2-tailed)	,200[c,d]

Source: Processed by the Author, 2024

The multicollinearity test identifies correlations among independent variables in a regression model. A model is considered free from multicollinearity when tolerance values exceed 0.100 and VIF values are below 10. Table 6 shows no significant issues before outlier removal, although ROE and DER had relatively high VIF values of 7.488 and 7.497. After removing outliers, Table 7 shows that all VIF values decreased significantly and remained well below 10, indicating the model is free from multicollinearity and has improved in quality.

Table 6 Multicolinearity Test Before Outlier Removal

Model		Collinearity Statistics	
		Tolerance	VIF
1	ROA	,987	1,014
	ROE	,134	7,488
	CR	,997	1,003
	DER	,133	7,497
	SZ	,981	1,019

Source: Processed by the Author, 2024

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Table 7 Multicolinearity Test After Outlier Removal

Model		Collinearity Statistics	
		Tolerance	VIF
1	ROA	,763	1,311
	ROE	,863	1,159
	CR	,782	1,279
	DER	,765	1,307
	SZ	,789	1,267

Source: Processed by the Author, 2024

This study used the Park test to detect heteroscedasticity in the regression model by regressing the logarithm of squared residuals against the independent variables. If the regression coefficients are significant, heteroscedasticity is indicated; otherwise, the model meets the homoscedasticity assumption. Results in Table 8 before outlier removal show that CR has a significance of 0.022 (indicating heteroscedasticity), while ROA, ROE, DER, and SZ have significant values above 0.05, indicating no issues. After outlier removal, as shown in Table 9, all variables have significant values above 0.05, confirming the absence of heteroscedasticity and meeting the homoscedasticity assumption for regression.

Table 8 Heteroscedasticity Test Before Outlier Removal

Model		T	Sig.
1	(Constant)	-7,361	,000
	ROA	1,255	,211
	ROE	,537	,592
	CR	-2,299	,022
	DER	1,282	,201
	SZ	,273	,785

Source: Processed by the Author, 2024

Table 9 Heteroscedasticity Test After Outlier Removal

Model		T	Sig.
1	(Constant)	-5,591	,000
	ROA	-1,268	,207
	ROE	-,840	,402
	CR	1,066	,288
	DER	1,775	,078
	SZ	,218	,828

Source: Processed by the Author, 2024

The Run Test was used to detect autocorrelation in the regression residuals. A significance value above 0.05 indicates a random residual distribution and no autocorrelation. As shown in Table 20, before outlier removal, the Asymp. Sig. (2-tailed) was 0.789, confirming residual independence. After outlier removal, Table 21 shows a value of 1.000, further supporting the absence of autocorrelation and confirming that the regression model meets the assumption of independent residuals.

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Table 20 Autocorrelation Test Before Outlier Removal

	Unstandardized Residual
Test Valuea	,00023
Cases < Test Value	112
Cases >= Test Value	112
Total Cases	224
Number of Runs	111
Z	-,268
Asymp. Sig. (2-tailed)	,789

a. Median

Source: Processed by the Author, 2024

Table 21 Autocorrelation Test After Outlier Removal

	Unstandardized Residual
Test Valuea	,00067
Cases < Test Value	75
Cases >= Test Value	75
Total Cases	150
Number of Runs	76
Z	,000
Asymp. Sig. (2-tailed)	1,000

a. Median

Source: Processed by the Author, 2024

Table 22 illustrates the relationship between the independent and dependent variables based on multiple linear regression analysis. The constant term is 0.050, representing the intercept. Among the independent variables, CR (Current Ratio) has the strongest positive impact with a high standardized coefficient of 1.014. ROA (Return on Assets) has a small positive effect, with a standardized coefficient of 0.024, while ROE (Return on Equity) has a negligible effect with a standardized coefficient of -0.007. DER (Debt-to-Equity Ratio) shows a minimal negative effect with a standardized coefficient of -0.007, and SZ (Size) exhibits a moderate negative relationship with a standardized coefficient of -0.145. In conclusion, CR is the most significant variable influencing the dependent variable, while the other variables have weaker effects.

$$\mathbf{Y = 0,050 + 0,04ROA + 0,00ROE + 0,082CR - 4,801DER - 0,04SZ}$$

Explanation:
Y = Club Performance
ROA = Return on Asset (Profitability)
ROE = Return on Equity (Profitability)
CR = Current Ratio (Liquidity)
DER = Debt to Equity Ratio (Leverage)
SZ = Club Size

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Table 22 Result of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	,050	,004	
	ROA	,004	,002	,024
	ROE	,000	,001	-,007
	CR	,082	,001	1,014
	DER	-4,801E-5	,000	-,007
	SZ	-,004	,000	-,145

Source: Processed by the Author, 2024

Table 23 shows the F-test results, indicating a significant combined effect of financial performance variables (ROA, ROE, CR, DER) and club size (SZ) on EPL club performance ($p < 0.05$). Table 24 reveals that ROA and CR significantly impact performance, while ROE and DER do not. SZ negatively affects performance ($p < 0.05$). The R-squared value of 0.984 suggests the model explains 98.4% of performance variation shown in Table 25.

Table 23 Results of the Simultaneous Test (F-Test)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	,135	5	,027	1773,631	,000[b]
	Residual	,002	144	,000		
	Total	,138	149			

Source: Processed by the Author, 2024

Table 24 Results of T-Test

Model		T	Sig.
1	(Constant)	12,056	,000
	ROA	2,026	,045
	ROE	-,586	,559
	CR	85,090	,000
	DER	-,572	,568
	SZ	-12,191	,000

Source: Processed by the Author, 2024

Table 25 Coefficient of Determination Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,992[a]	,984	,983	,00391

Source: Processed by the Author, 2024

4.2 Discussion

This study's results provide significant insights into the relationship between financial performance and football club performance in the English Premier League (EPL) from 2016/2017 to 2022/2023. The analysis of the data reveals that specific financial indicators, namely Return on Assets (ROA), Current Ratio (CR), and Club Size (SZ), have significant impacts on club performance. However, Return on Equity (ROE)

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and Debt-to-Equity Ratio (DER) did not show a significant effect. In this discussion, we will elaborate on these findings, compare them with previous studies, and provide real-world examples to better understand how financial performance influences sports outcomes.

Regulatory frameworks such as Financial Fair Play (FFP) play a crucial role in moderating the relationship between financial performance and on-field success by limiting excessive spending and promoting competitive balance (Dimitropoulos & Scafarto, 2021). Additionally, the presence of external investments, particularly from foreign owners, alters traditional Resource-Based View (RBV) interpretations by significantly strengthening a club's resources through external capital, but potentially shifting focus away from the development of internal capabilities (Entzminger, 2020).

Corporate diversification strategies, especially related business diversification (RBD) and international diversification, play a significant role in shaping the financial performance of English Premier League clubs. These approaches provide alternative revenue streams that help clubs manage the inherent volatility of sporting outcomes. Notably, such diversification enables clubs to better navigate regulatory frameworks like Financial Fair Play (FFP) by generating income beyond core football activities, thereby moderating the link between financial resources and on-field success. Additionally, foreign majority ownership positively affects revenue growth, illustrating how external investments can strengthen club resources and potentially challenge traditional Resource-Based View (RBV) assumptions by bringing in fresh financial capabilities and strategic opportunities. Consequently, regulatory policies and external investors are pivotal in influencing contemporary football clubs' financial health and competitive balance (Holzmayer & Schmidt, 2020).

H1a: The Impact of Return on Assets (ROA) on Club Performance

Return on Assets (ROA) variable shows a significant and positive relationship with club performance, with a coefficient of 0.004 and a significance level of 0.045. This suggests that football clubs that manage their assets more efficiently tend to perform better in the league. Specifically, the higher the ROA, the better the club's overall performance. This is consistent with findings from previous studies, such as Alexopoulos & Dimitropoulos (2019), which indicated a positive relationship between financial efficiency and performance. They found that clubs with higher ROA could earn more points in the league, though the effect was weak.

The results of this study demonstrate that Return on Assets (ROA) positively impacts club performance, as shown in Table 26 listing EPL champions from the 2016/2017 to 2022/2023 seasons. Clubs that achieved success, such as Chelsea FC (2016/2017) and Manchester City (2017/2018–2022/2023), generally had higher ROA compared to the average (-0.1025). This suggests that clubs with better efficiency in managing their assets to generate profits tend to achieve the best performance in the league. Although Liverpool FC (2019/2020) was the only champion with a negative ROA (-0.05), its ROA was still better than many other clubs in the sample. Therefore, this finding reinforces that a positive ROA contributes to a club's success in achieving top rankings in the EPL.

A high ROA reflects a club's efficiency in managing its assets to generate profits. Clubs with high ROA tend to have strong financial management, enabling them to invest in quality players, training facilities, and better management, all of which improve team performance on the field. In the Resource-Based View (RBV) framework, a club's ability to efficiently utilize its internal resources, such as financial assets and infrastructure, provides a competitive advantage in the league. With proper management, a high ROA

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supports financial stability, allowing clubs to adapt to changes, innovate, and remain competitive in the top tier, ultimately improving their performance in competitions (Arbelo et al., 2020; Costa et al., 2018). However, the regression results show that while ROA significantly impacts club performance, its relatively small effect indicates that financial aspects are not the only factors determining success on the field. Clubs must also consider managerial strategies, player recruitment, and other external factors to ensure consistent and sustainable performance.

Therefore, while efficient financial management and a high return on assets are essential, a club's success in the field is also heavily influenced by non-financial factors. Effective managerial strategies, successful player recruitment, and a strong internal culture and communication are critical in achieving consistent and sustainable performance. In other words, synergy between managing financial resources and developing human and operational capacities is essential for long-term success in competitive football (Sentie & Tiruneh, 2024; Zülch et al., 2020).

Table 26 Financial Performance (ROA) of Premier League Champions by Season

Season	Champion	ROA
2016/2017	Chelsea FC	0.03
2017/2018	Manchester City	0.01
2018/2019	Manchester City	0.01
2019/2020	Liverpool FC	-0.05
2020/2021	Manchester City	0,00
2021/2022	Manchester City	0.03
2022/2023	Manchester City	0.05

Source: Processed Data, 2025.

H1b: The Impact of Return on Equity (ROE) on Club Performance

Return on Equity (ROE) did not significantly impact club performance, with a t-value of -0.586 and a significance level of 0.559. These results suggest that ROE, which indicates the return to shareholders, has no strong or direct relationship with club performance in the EPL. In practical terms, Crystal Palace, which recorded the highest ROE of 122.13 in the 2017/2018 season, finished only 11th in the league that year. This illustrates that a high ROE does not always correlate with better league performance. While positive from a shareholder perspective, Crystal Palace's high ROE did not translate into on-field success. This discrepancy highlights that other factors beyond financial return, such as managerial decisions, squad strength, and on-field strategies, play a larger role in determining success in the league.

Regulations like Financial Fair Play also encourage clubs to maintain financial balance, sometimes limiting their flexibility to improve squad quality. From a Resource-Based View (RBV) perspective, a high ROE (Return on Equity) does not always correlate with a club's on-field performance because a club's success depends not only on financial aspects but also on how effectively it utilizes its internal resources, such as players, coaches, infrastructure, and managerial strategies. While a high ROE reflects efficiency in managing equity, clubs that focus too much on profitability and conservative financial management might neglect substantial investments in team development or facility improvements, which are more crucial for enhancing performance in competitions. Therefore, non-financial factors such as team strategy and player management can have a greater influence on success on the field (Ureña-Lopera et al., 2020).

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H2: The Impact of Current Ratio (CR) on Club Performance

The Current Ratio (CR) variable showed a highly significant positive relationship with club performance, with a t-value of 85.090 and a significance level of 0.000. This indicates that clubs with better liquidity, the ability to meet short-term obligations using their current assets, tend to perform better on the field.

A strong CR reflects the financial stability of a club, enabling it to meet operational expenses such as player salaries and infrastructure investments. This financial flexibility is crucial for sustaining long-term success. Southampton FC, for instance, faced financial difficulties during the 2019/2020 season, with a low CR of 0.64, which contributed to its struggles and mid-table finish (The Straits Times, 2020). In contrast, clubs with higher CR, like Manchester City and Liverpool FC, have managed their financial resources more efficiently, allowing them to perform well both on and off the field.

The results of this study align with the findings of Sakınç (2014) and Tsai & Fang (2023), who emphasized that liquidity is vital for a club's ability to invest in player transfers, infrastructure, and long-term development. Clubs with healthy liquidity can operate without financial stress, allowing them to focus on improving their competitive edge. The positive relationship between CR and performance further supports the idea that a financially stable club is better equipped to succeed in competitive leagues.

H3: The Impact of Debt-to-Equity Ratio (DER) on Club Performance

The debt-to-equity ratio (DER) did not show a significant relationship with club performance, with a t-value of -0.572 and a significance level of 0.568. This suggests that the level of debt a club has relative to its equity does not significantly influence its performance on the field. Tottenham Hotspur, which took on significant debt to build their new stadium, had a high DER but still performed well in the EPL, securing top-four finishes. This suggests that while debt increases financial risk, strong financial strategy and revenue streams can support on-field success. In contrast, Rey & Santelli (2017) found that lower DER is linked to better financial stability, allowing clubs to invest in quality players. However, Tottenham's performance shows that well-managed financial strategies, including debt for infrastructure, can lead to success.

In the Resource-Based View (RBV) context, leverage reflects how a club manages its financial resources to achieve competitive advantage. Clubs with a low Debt-to-Equity Ratio (DER) face lower financial risk, allowing them to allocate financial resources towards strategic investments such as player academy development, performance analysis technology, or enhancing internal capacities (Ramadhanti & Saad, 2024). In contrast, clubs with high DER may be burdened by financial obligations, limiting their flexibility in making strategic decisions to improve team performance. While the results of this study did not find an impact between DER and club performance, it remains crucial for club management to manage their debt ratio wisely. Excessive leverage can increase future financial risks, while too little leverage may indicate that the club is underutilizing available funding sources for long-term growth and development. Therefore, maintaining a balance in debt management is an important aspect of a football club's financial strategy.

The Impact of Size Club on Club Performance

Club size significantly negatively affects performance in the English Premier League, with a coefficient of -12.191 and a p-value of 0.000. This supports the concept of diseconomies of scale, where large clubs face higher costs, less efficient management, and operational complexities that reduce performance. As clubs grow, bureaucracy and

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coordination problems increase, which can offset the benefits of having more resources. Other research shows that organizational experience can provide advantages but these diminish during major unexpected changes. Additionally, squad size that is too large or too small can harm team performance due to coordination and motivation issues. Therefore, efficient management of resources and maintaining an optimal balance in asset size and squad size are essential for club success (Fan et al., 2023; Sánchez & Varela-Quintana, 2025; Scelles & Khanmoradi, 2023).

5. CONCLUSION

From the test and analysis, it is concluded that profitability, reflected by Return on Assets (ROA), has a meaningful and positive effect on the performance of clubs in the English Premier League. At the same time, return on equity (ROE) does not have a significant impact. Liquidity, represented by the Current Ratio (CR), also has a positive and significant influence, indicating that clubs with stronger short-term financial positions tend to perform better. Meanwhile, leverage, measured by the Debt-to-Equity Ratio (DER), shows no significant effect, suggesting that debt levels do not directly influence club success. The simultaneous test confirms that profitability, liquidity, and leverage affect club performance, highlighting the importance of financial efficiency in supporting on-field success.

Given the study's limitation to EPL clubs, future research is encouraged to include clubs from other European or global leagues to provide broader and more generalizable insights. Expanding the scope can offer a better understanding of how financial performance affects club outcomes across different competitive environments. Additionally, future studies should consider incorporating external factors such as investor influence, league regulations, and macroeconomic conditions, as these can significantly shape club strategies and performance. Including managerial and policy-related variables such as club governance, transfer strategies, and executive financial decision-making would also enrich the analysis by capturing the interplay between management and financial factors in determining club success.

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