Of the Premier League 'Big Six' soccer teams, only Arsenal shows resilience to withstand major future economic shocks
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Arsenal are the only club of the English Premier League (EPL) 'Big Six' who have the financial resilience to withstand major future economic shocks, according to new research from the University of Portsmouth.

Study co-author Christina Philippou from the University's Faculty of Business and Law, said that “measuring club’s economic resilience in this way has implications for our understanding of both the Premier League's sustainability and its ability to withstand future shocks to maintain its dominant position in world football in an increasingly global and competitive industry.”

The results show Arsenal is the only current EPL team that has a strong resilience to changes in the wider economy. Of the remaining 'Big Six' clubs, Manchester United and Tottenham Hotspur have strong resistance to economic contractions but are weak in recovery, while Liverpool and Manchester City show weak resistance to downturns but strong recovery during periods of growth—Chelsea showed no resilience at all, which is food for thought given recent events at the club.

Surprisingly, Coventry City and Derby County are the only other clubs who spent time in the EPL that showed financial resilience to external economic shocks and recovery following them during their time in the EPL. This may be why both clubs managed to stave off administration for long periods despite poor financials, until eventually succumbing in 2013 and 2021 respectively.

The least resilient clubs included the likes of Birmingham, Sunderland and QPR. Aston Villa, Bolton, Newcastle and Ipswich were also clubs that showed low historical resilience to financial shocks.

Using annual reports from 1993 to 2018, the researchers analyzed the resilience of EPL clubs to major shocks in the wider economy and measured their resistance to economic downturns and their ability to recover in an economic upturn.

They compared revenue streams from match day related activities (ticket sales and hospitality), commercial ventures (such as sponsorship and events hire of stadia), and the sale of TV broadcast rights to changes in the value of the wider UK economy. From this, they identified the clubs most and least financially resilient.
while they were in the Premier League.

From 1993 to 2018, the UK economy more than doubled, whereas the wealth of the EPL clubs is 10 times larger than in 1998 and 30 times larger than in 1993. While EPL clubs present a large and increasing contribution to the UK economy, clubs are highly reliant on one major source of income and on key individuals. The Fan Led Review of Football Governance addressed some of these issues in its call for an independent regulator to monitor football's finances.

Study co-author Dr. Adam Cox from the Faculty of Business and Law says that "while it is easy to accept the common premise that the wealthier Big Six clubs are more financially stable than other clubs in the league, our research provides evidence to show that the reality is not quite as simple."

"The findings show the lack of economic resilience amongst the wealthiest clubs and their reliance on external financial resources puts them at risk if the UEFA Financial Fair Play Regulations (FFP) were to change. While such risks appear reasonable during periods of strong growth in revenue, they are likely to have great impact if the growth in broadcast revenues falters and they may change the EPL landscape in the next 30 years."

Christina Philippou says that "even through this time of crisis, where a large number of lower league clubs were facing bankruptcy, the EPL still managed to exceed financial expectations compared to other industries. Despite this resilience, there are clear differences between clubs themselves. This became starkly evident during the COVID-19 crisis (which was outside of the time period when the data was collected), where a number of EPL teams made it clear that they were struggling financially, or acted in a manner that demonstrated that the financial pinch was being felt."

The researchers hope this study can help clubs to better withstand and recover from economic shocks. The findings can be applied to enhance financial performance of individual clubs and for planning their way out of recession.

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