



Does the Restructuring Process Improve the Performance of The Company?

An Analysis of Premier League/EFL Clubs

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Abstract

Private acquisitions in English football clubs are so common that is difficult to find a club, especially in the Premier League, that was not acquired (mostly of the cases by private investors), through the last 20 years. Since the market is so attractive including to the foreign investors, one question that brings to the mind is: do they have strategical plans aligned with profit-seeking results, that will improvement the performance of those football clubs? Or, if not, are there other non-palpable benefits for those investors? This Dissertation investigates if the acquisitions of the football clubs have impact through the improvement of the financial performance and in the sportive performance. The empirical results are aligned with other authors conclusions that corroborate that most of the private investors, some of them referred as “sugar daddies” contribute to low profitability levels and do not improve the performance of the football clubs, leaving a legacy of overinvestment in football players. These results highlighted the importance of understand the motivation behind each of that business, since the conclusions suggests that other benefits may be in the basis of the acquisitions.

Key words: Financial performance, sportive performance, private investors, English football club

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Resumo

Aquisições privadas em clubes de futebol ingleses são tão comuns que se torna difícil encontrar um clube, especialmente na *Premier League*, que nunca tenha sido adquirido por um investidor privado, durante os últimos 20 anos. Tendo por base que o mercado é tão atrativo, incluindo para os investidores estrangeiros, uma questão que nos surge é: será que eles têm planos estratégicos que estão alinhados com a busca de lucros, que resultarão num melhoramento de performance financeira dos clubes de futebol? Ou pelo contrário, existirão outros benefícios “não-palpáveis” para esses mesmos investidores? Esta Dissertação investiga se as aquisições em clubes de futebol têm impacto através do melhoramento da performance desportiva e financeira. Os resultados empíricos estão alinhados com conclusões de outros autores que corroboram que a maioria dos investidores privados, alguns deles também denominados por “*sugar daddies*” contribuem para baixos níveis de rendibilidade e não melhoram o desempenho dos clubes de futebol, deixando um legado de sobre investimento em jogadores de futebol. Estes resultados sublinham a importância de entender as motivações por detrás de cada negócio, visto que, as conclusões sugerem que outros benefícios podem estar na base da aquisição.

Palavras-chave: Desempenho financeiro, desempenho desportivo, investidores privados, clubes de futebol ingleses.

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List of Abbreviations

M&A Mergers and Acquisitions

UK United Kingdom

EFL English Football League

UEFA Union of European Football Associations

FFP Financial Fair Play

1. Introduction

Premier League is widely recognized as one of the most important professional football club's competitions. Occasionally, it is hard to distinguish the emotion from the rationality, and football clubs are far beyond a simple organization that sells tickets. Acquisitions deals in football clubs may result from investments made by businessman/families (sometimes referred to as Sugar Daddies) or may result from large acquisitions made by fans or by private institutions (minority of the observations). Hereupon, could we conclude that acquisitions made by fans result from emotion and acquisitions made by businesspeople result from rationality?

At this stage, before the development of the present study, rationality is associated to investors that can be, profit seekers with strategic workplans and emotion is associated with purchases behaviors that are linked to consumption benefits that may increase the well-being of the consumer. Accordingly, at a first sight it would say that large acquisitions made by fans (are not so common) want the both of two worlds, that is, the increase in profits and the increase in wellbeing - by achieving better sportive results, fans become more happiest people.

This paper aims to analyze the performance of the company (football clubs) before and after the restructuring process (M&A transaction) that occurred during the period between 2002-2021. The operational (non-financial) and financial performance will then be compared with the deal motivations (rationality *versus* emotion).

2. Literature Review

2.1. Restructuring Process and Motivations

Corporate restructuring may involve engaging in major acquisitions. The more common transactions are private deals, and may well involve acquisitions from founders of businesses, other sponsors, or venture capital-sponsored forms. Over the past decade, this trend has grown significantly. (Gaughan, (2018)).

In club football contexts the major acquisitions may have different orientations as identified by Bull & Whittam (2021) in their publication:

(i) Local Orientation: businessperson that share the same cultural heritage as fans, in this case, from UK origin;

- (ii) Fan Orientation: entrepreneurs that are themselves fans of the club they own;
- (iii) Investor Orientation: owners that are international entrepreneurs with economic interests and
- (iv) Political Orientation: international entrepreneurs that era using clubs as a vehicle for global/strategic interests.

2.2 Overview of Football Clubs' Ownership

Having in consideration the last paragraph, as appointed by Bull & Whittam (2021) there are different types of entrepreneurs and orientations in football clubs. Based on the sample defined in the present paper (see point 3. *Data and methodology*) and compare with the conclusions of Bull&Whittam (2021), they identified 1 club in Premier League (EPL) under the stewardship of insiders with local orientation and cultural capital; 5 clubs in Premier League (EPL) under the stewardship of entrepreneurs that are also fans of the football clubs sharing connection (social capital) and heritage with their club's other fans; 11 clubs (7 of EPL and 4 of EFL) under the stewardship of entrepreneurs that pursue economic capital and international interests (*Outsiders*), which 7 of the 11 clubs are global tycoons with portfolio of clubs across different sports, linked to sport as an entertainment product and global TV market and 4 of the 11 clubs invest in football clubs to raise the international profile of their business interests and seek a financial return; Finally, 5 clubs are oriented in terms of Political Orientation, under the stewardship of entrepreneurs that own football clubs for strategic capital in raising awareness of international political interests through sport ownership (*Outsiders*). See table 1 for more detail.

Table 1 - Owner's Orientations of Premier League and EFL Football Clubs

Club	League ¹	Majority Orientation Cluster	Entrepreneur Type
Newcastle United FC	Premier League	Cultural Capital/Investor Orientation	Insider
Brighton & Hove Albion FC	Premier League	Social Capital/ Fan Orientation	Insider
Burnley FC	Premier League	Social Capital/ Fan Orientation	Insider
Tottenham Hotspur FC	Premier League	Social Capital/ Fan Orientation	Insider

West Ham United FC	Premier League	Social Capital/ Fan Orientation	Insider
Brentford FC	Premier League	Social Capital/ Fan Orientation	Insider
Arsenal FC	Premier League	Economic Capital/ Investor Orientation	Outsider
Aston Villa FC	Premier League	Economic Capital/ Investor Orientation	Outsider
Liverpool FC	Premier League	Economic Capital/ Investor Orientation	Outsider
Manchester United FC	Premier League	Economic Capital/ Investor Orientation	Outsider
Watford FC	Premier League	Economic Capital/ Investor Orientation	Outsider
Everton FC	Premier League	Economic Capital/ Investor Orientation	Outsider
Southampton FC	Premier League	Economic Capital/ Investor Orientation	Outsider
Fulham FC	English Football League	Economic Capital/ Investor Orientation	Outsider
Nottingham Forest FC	English Football League	Economic Capital/ Investor Orientation	Outsider
Blackburn Rovers	English Football League	Economic Capital/ Investor Orientation	Outsider
Millwall FC	English Football League	Economic Capital/ Investor Orientation	Outsider
Manchester City FC	Premier League	Strategic Capital/ Political Orientation	Outsider
Chelsea FC	Premier League	Strategic Capital/ Political Orientation	Outsider
Wolverhampton Wanderers FC	Premier League	Strategic Capital/ Political Orientation	Outsider
West Bromwich Albion FC	English Football League	Strategic Capital/ Political Orientation	Outsider
Sheffield United	English Football League	Strategic Capital/ Political Orientation	Outsider

League¹ - season 2021/2022

Source: Adapted from the article Bull & Whittam (2021), pag.34-35

The strategic capital or/and political orientation, is approximilay in large scale by some authors, to a factor denominted as “sport-washing”. This term is used to refer to authoritarian regimes that use mega-sports events to boot up their reputations and distract audiences from their horrific human-rights records (Chadwick, (2018)). As it is possible to observed in table 1

Chelsea FC is an example of a political orientation, since the owner, Roman Abramovich is accused mostly of time as use the football club to improve their political image and reputation in European. A prove of that is the total amount until 2010 invested by Roman Abramovich since he took the club in 2003, which represent a total amount of 700 million of pounds. An investment for which it seems difficult to obtain a return (Hamil & Walters (2010)) which lays on doubt whether the main objective is the search for performance improvement, seeking, for example, by an improvement in profits, when the return on investment is a mirage.

2.3. Origins of the Investments in Premier League

Chinese corporations have invested in professional European football, throughout the last decade. As mentioned by Berning and Maderer (2017) the main motivations for Chinese invest into European football results from a combination of seeking for superior power and reputation (Hansen, Torp, & Schaumburg-Müller (2012)), geo-political benefits, and multi-ownership synergies (Rohde & Breuer (2016)) and seeking for potential profits from television rights (Jones & Cook (2015)).

On an economic reading, the two possible explanations for Chinese investment in European football clubs are either that Chinese Corporations see European football clubs and their operations as viable and profitable businesses that are worth the investment or Chinese Corporations believe that their investments in European football clubs will benefit their core business indirectly, i.e., through gaining popularity and better access to the European markets to increase future earnings (Chen, Dietl, Orłowski, Zheng (2019)). Table 2 shows some clubs of the Premier League/EFL championship, during the season 2021/2022 that represents Chinese acquisitions:

Table 2 - Examples of Chinese Acquisitions in English Football Clubs

Club	League¹	Corporation	Announcement	Purchased Shares	Transaction Size (Million USD)
Birmingham City	EFL Championship	Birmingham SPTS	24/08/2009	50%	94
Aston Villa FC	Premier League	Lotus Health	19/05/2016	100%	112
Wolverhampton Wanderers FC	Premier League	Fosun International	21/07/2016	100%	59
West Bromwich Albion FC	EFL Championship	Palm Eco-Town Development	05/08/2016	88%	196
Southampton FC	Premier League	Lander Sports Development	14/08/2017	80%	260

League¹ - season 2021/2022

Source: Adapted from the article (Chen, Dietl, Orłowski, Zheng, 2019). pag.250

In addition, Leicester City Football Club also have an Asian ownership, Aiyawatt Srivaddhanaprabha a Thailand businessman that owners 55% of the football club.

Arab Investment in international football market is also a trend, and as mentioned by García & Amara (2013), the takeover of the English Premiership football club Manchester City by Abu Dhabi United Group for Development and Investment (ABUG) was the “most spectacular investment”, which received worldwide media coverage and announced a new trend. Also, as referred in point 2 of this paper (**2.2 Overview of Football Clubs’ Ownership**) this trend may be supported not only by capital strategy but also by political motivations (Bull & Whittam (2021)). One conclusion appointed by García & Amara (2013), in relation to the Arab investment in European Football Clubs was that the acquisition of Paris Saint-Germain Football club was motivated by political and ideological aspects.

Table 3 - Examples of Arab Acquisitions in English Football Clubs

Club	League¹	Investor	Type of investment
Manchester City FC	Premier League	Abu Dhabi United Group for Development and Investment (ABUG)	Private Equity Firm owned by a member of the Abu Dhabi family
Newcastle United FC	Premier League	Public Investment Fund	Saudi Arabia’s sovereign wealth fund
Sheffield United	EFL	United Investment Company	Company owned by Saudi Arabia's Prince Abdullah bin Mosaad bin Abdul Aziz Al Saud

League¹ - season 2021/2022

Source: Audited annual reports from Football Clubs official United Kingdom web site (the Companies House)

American ownership style is also a reality in Premier League and in English Football League, that results from the investment made by American Businessman. As appointed by Nauright & Ramfjord (2010), the two main reasons for the American investment are the gradual shift to a recognizable American style business model for professional sports in England and second is the amount of money generated through the ownership of those football clubs. The substantial revenues result not only by selling tickets but also through television deals. This last one approximate Americans in large scale. Increasing in television contracts, including internationally could also improve the marketing possibilities, for those American Businessman, and they tend to run the club similar an American Sporting franchise (Nauright & Ramfjord (2010)).

Corroborating the last paragraph, Franck (2010a) mentions the long practice that is carried out in United States that uses the major league sports teams as a vehicle to promote other business that may be more valuable than the sports team itself. One example cited is the acquisition of Fulham (EFL) by Mohamed Al Fayed, that is also the owner of Harrods and the Hotel Ritz in

Paris. For this type of cases, the author (Franck (2010a)) affirmed that “the value of additional units of talent increasing the playing strength of the team is not calculated based on their contribution to the football business alone but also based on the value added to the related businesses.” Table 4 shows some examples of American acquisitions in Premier League/EFL.

Table 4 - Examples of American Acquisitions in English Football Clubs

Club	League¹	Ownership	Investor Company
Arsenal FC	Premier League	Stan Kroenke (American)	Kroenke Sports & Entertainment
Aston Villa FC	Premier League	Nassef Sawiris (Egyptian) Wesley Edens (American)	V Sports S.C.S. (formerly NSW Sports Limited)
Burnley FC	Premier League	Investment consortium	Alk Capital LLC
Crystal Palace	Premier League	Steve Parish (English) Joshua Harris (American) David Blitzler (American) Robert Franco (American) John Textor (American)	Various
Liverpool FC	Premier League	Jonh W. Henri (American) Tom Werner (American)	Fenway Sports Group
Manchester United FC	Premier League	Glazer Family (American)	Manchester United plc is controlled by family trusts affiliated with Glazer family.

League¹ - season 2021/2022

Source: Audited Annual Reports from Football Clubs Official United Kingdom Web Site (the Companies House)

In another fashion, there still exists space for European investment, even this do not make up the majority of the percentage of the private investment in English football clubs (Premier League and EFL).

In the European investment context in English football clubs, it is possible to identified investment from businessman from Russian, Serbian, Italy, Swiss and Greece. Furthermore, some English native people invested in their club, and the main motivation could be characterized by social capital and fan orientation Bull & Whittam (2021) (Case of Brentford, Tottenham Hotspur, Brighton & Hove Albion, among others).

Thus, in the European investment context, Russian investment may be a result from private investment from oligarchs (see the case of acquisition of Chelsea by Roman Abramovich in Premier League, and the acquisition of AFC Bournemouth by Maxim Victorovich Demin in EFL). As appoint by McDonald (2014), oligarchs either invest in clubs abroad or they purchase local clubs that they use to gain political capital to improve their power. This trend reflcts that they were less interested in financial benefits and more interested in political benefits.

Roman Abramovich, the owner of FC Chelsea, was considered the major trendsetter for Russian oligarchs to invest in football clubs (Riordan (2007)). Among other, the benefits to acquiring

the club include the establishment of healthier images, financial gains and exist strategies. Also, buying and trading players to the highest bidders, is another strategy used to conduct the business (Pannenburg (2010), Riordan (2007)). In general, as referred by Pannenburg (2010), elites see football clubs as business opportunities to enrich themselves.

Having identified the diversity of origins of investors in English football (Premier League and English Football League), as well as the type of investor, it is possible to verify that there is a pattern in acquisitions. Almost all the acquisitions were completed by businessman, very wealthy people. Franck (2010a) refers in his papers that this phenomenon is a kind of “self-constraints budget”, in the sense that those investors have budget constraints that allowed them to own and “consume” a high-quality team in one of the most important professional football club’s competitions in the world. This high-quality consumption became very restrict to a niche of very wealthy people, and the utility of these consumption, could reflect in a legitimacy-seeker, a person who promotes their other business at the same time or in a sportsman owner, that have the control over the desired object of consumption.

2.4. Measurement of Performance in Football Club’s Context

2.4.1 Financial and Non-Financial impact

English clubs dominated the transfer market, accounting for an estimated 27% of global transfer activity, 34% of global transfer spending and 20% of global transfer income, with 42% of all transfer deals by value involving at least one English club (UEFA (2022)). Also, English club’s era leading the podium of owner investment based on a ten-year retrospective, with owner investments levels at €4.2bn of amount invested into stadiums and facilities. Note that €3.6bn of that amount refers to investment made into stadiums and facilities by top division English Clubs. Owner investment is the sum of balance sheet capital increases plus the net increase in owner loans. Investment in stadium/facilities refers to all investments in tangible fixed assets, which can include other asset classes, but the majority relates to stadium and facilities renovation or upgrades (UEFA (2022)).

One characteristic appointed in football industry is that financial performance is closely linked to sportive performance of clubs (Holzmayer & Schimidt (2020)), and as referred by Szymanski and Smith (1997), English Clubs have a linear relationship between the position in domestic league and the profit margin, and they found that position league impacts the revenues of the

football clubs. One factor that permits the measure of sportive performance is the market value of football club teams that represents a team's ability to produce maximum output, in the sense that, the better each player performs the higher is its market value (Kern, Schwarzmann and Wiedenegger (2012); Dawson et al. (2000); Franck et al. (2010)).

During the last years, the English clubs have been development strategies to diversify the sources of revenue. Television money influx and increasingly diversified revenues streams led clubs to pursue a much more professionalized operational model in marketing, in the sense that they appear more concerned about consumer's loyalty (e.g., by selling merchandise). This trend is closer to the American style investors strategy that use the penetration in English football club's market, seeking for a maximization of the profits, diversifying through sport, entertainment, leisure, media, and property portfolios (Nauright & Ramfjord (2010)).

Conversely, and having in consideration the regularity of the private acquisitions of football clubs, not always is perceptible the results of the investment made by investors, through the analysis of financial data (for example, by improving the return on assets, increasing in profits, among others). This lack of financial impact may be related to extension of those investments made. As Storm and Nielsen (2012) referred boost the reputation and goodwill of the football club's owners are some indirect benefits received by investing in football clubs, also another indirect benefit is seemed to include increasing political influence, gathering better credit conditions and increase the profits from other investment.

Furthermore, the method used by clubs to manager their bills are controversial. Some authors agreed that European football clubs are in fact profit maximizers due to the search for "real" or potential player talent set in relation to their financial capabilities (Storm and Nielsen (2012); Fort (2000)). Another authors, referred to the businessman that bought the clubs as "Sugar Daddies", that consists in the type of profile of non-profit-seeking investors or wealthy patrons. The management of the clubs by those sugar daddies are characterized by spend more money on salary and transfer fees of players and are appointed as guiltier for the decreasing levels of profitability (Storm & Nielsen (2012)).

In general terms, the sector is characterized by a scenario of overinvestment in European professional football, which includes the English football clubs. As referred by Rohde & Breuer (2016), this scenario is characterized by low profitability, wages outgrowing revenues and high debt levels. Additionally, various authors referred that overinvestment is a natural outcome of both increased commercialization and the current molds that competition in football is subject

to. The natural factors that contribute to the overinvestment and consequentially in the “overspend” on playing talent are (Franck (2010a)):

(1) the existing of a stronger correlation between talent investment and winning probability;

(2) the existence of an exogenous prize (e.g. Champions League Qualification); and

(3) the existence of a system itself of promotion and relegation, that increases the revenue differentials within a league (i.e. less revenue sharing) and increases revenue differentials between hierarchical leagues.

Surprisingly, even though the high levels of debt, football clubs have an abnormally high survival rate. Although, this singularity may be explained by some authors based on the utility, or winning, optimization approach, Storm & Nielsen (2012), compares this phenomenon as a consequence of the soft budget’s constraints.

Soft budget constraints are seemed to be present in socialist economies, capitalist economies and prevail in non-profit organizations (e.g. schools, hospitals, universities, among others public interesse institutions) in the sense, that the state doesn’t allow that these intuitions go in bankrupt and are bailed out when they spend more than their budgets. Also, Football clubs are compared with Financial Institutions, the banks, in the sense that are being seemed as “too big to fall”. This phenomenon occurs because the clubs are perceptive as socially “big” by their supports. This perception results from characteristics as social and emotions attachments, that supports the Soft Budget Constraints Theory (Storm & Nielsen (2012)). That is, if the football clubs fail the supporters will be there to bail out the club, and is important to note that those supporters include a vast variety of stakeholders – with different levels of influence in the society – e.g. local politicians. The utility levels of the different football club supporters tend to be positively correlated with on-pitch success of the local team (Franck (2010a)).

2.5 Financial Fair Play

Financial fair play was approved by UEFA in 2010, and the first assessment took place in 2011. The aim is to confirm that clubs do not have overdue payables towards other clubs, to their players and social/tax authorities throughout the season. In that sense, UEFA do the assessment of clubs through break-even requirements which require clubs to balance their spending with their revenues and restricts clubs from accumulating debt. The conditions relating to non-

compliance with break-even requirements were effective for the 2014/15 campaign (UEFA (2018)). To respond to Financial Fair Play regulation Premier League has in place financial rules for clubs to pay transfer fees, salaries, and tax bills timely (Premier League (2022)).

As Morrow (2014) referred the usefulness of financial statements is questionable and as the results suggests (from the interviews) (...) *“The introduction of FFP has not only illuminated weakness in the operating behavior of some football clubs, but also inadequacies in the reporting and communication of their activities.”*, that is to say, it is not clear, for external users how football clubs can report year after year rising debt levels and lack of profitability.

Another interested conclusion comes from Peeters & Szymanski (2012) that created a model that shows that the introducing of Financial Fair Play Regulations would hardly affect revenues but would result in a substantial reduce of competition, and lower average payrolls. Also, in the study was found that the implementation of Financial Fair Play regulations in English Premier League in the season 2009/2010, results in a fallen by as much of as 15% in the ration of wage to turnover ratios Peeters & Szymanski (2012).

3. Data and Methodology

The sample focus on transactions (merger and acquisitions) occurring during the period 2002-2021. To fulfil the requirement of “transactions” it was only considered acquisitions that the percentage of the share acquired is above or equal to 50%. The football clubs included in the sample are 16 football clubs of the Premier League during the season 2021/2022, and 6 football clubs that finished the English Football League season 2021/2022 among the first ten positions (see table A in appendix with more detail about the sample).

Based on that, 43 observations were found, however 9 of them were exclude due to a consistency of financial information. To acquire a more accurate results, it was considered for Model I and II, an average of 3 years of financial information, before and after the acquisition date. The choice of using the average of 3 years is intended to exclude outliers or abnormal years that are not representative of the impact of the transaction. Since the study are focus on football clubs, it was considered the 3 seasons before and after the deal.

The objective of this research is to identify if the restructuring process, in this case, the acquisitions of the football clubs’ results in an improvement of the efficiency of the club. All

financial data of the football clubs was collected by the audited annual reports shared in an official United Kingdom web site (the Companies House).

Since, this type of investment reveals in most of the cases, money injections it was identified the investment made in football clubs, by calculating the net value between the purchases and sells of football players (market value). The market information was obtained through a widely known and accepted internet site, www.transfermarkt.co.uk.

3.1 Variable's Definition: Financial Ratios, Non-Financial Ratios, Dependent, Independent and Control Variables

To measure the performance of the football clubs, it was calculated the ROA (Return on Assets), ROE (Return on Equity) and the Debt-to-Equity Ratio (solvency).

The calculation of ROA/ROE was divided between a ROA/ROE with the exclusion of players transaction impact and a ROA/ROE with the impact of players transactions, and other exceptional income/expenses.

For the ratios that do not include players transactions, it was used the gross profit (revenue minus the operating expenses – directly addressed to the normal business activity) divided by the total assets (current plus non-current) for ROA and divided by total shareholders' equity for ROE.

In another fashion for the ratios that include the impact of players transactions, it was used the operating profit/loss from the year, that includes all financial impact except for the income/expenses from interest.

For the debt-to-equity ratio, that was identified with objective to evaluate the impact on the solvency, it was used all the liabilities of the football clubs, divided by total shareholders' equity.

Non-financial variables include the historical final position in the league cup. In addition, the "players margin" is a factor utilized to evaluate the sportive performance, because as referred in point 2 (*2.4.1 Financial and Non-Financial Performance*) market value of football players represent the contribution that the players had in achieving the team's results. The higher their performance, the higher their market value. Player's margin, should reflect the profit of the transfers of these resources.

3.2 Research Hypothesis and Methodology

In order to determine improvements in the performance of the football clubs after the restructuring process (acquisitions) the following hypothesis will be tested:

- i. Restructuring does not have significant effect on the profitability of the football clubs (through assessment of ROA before and after players transactions).
- ii. Restructuring does not have significant effect on the performance of the football clubs (through assessment of ROE before and after players transactions).
- iii. Restructuring does not have significant effect on the sportive performance of the football clubs.
- iv. Restructuring does not have significant effect on the solvency of the football clubs.

The Model I consist in a mean comparison (conducted through a Pair T-test), of financial and non-financial variables identified in table 5. For those variables, it was considered the average of the three years before and after the acquisition process. As the present study refers to football clubs, it was identified the mean of the 3 seasons before and after the transaction.

Model II includes the performance of two different regressions, that will try to explain the hypothesis i and ii.

3.2.1 Methodology - Model I

In the next table is identified the description of financial and non-financial ratios used in Model I.

Table 5 - Classification of Financial/Non-Financial Ratios

Class	Code	Description
Profitability	ROA (1)	ROA – Return on Assets before players transactions
	ROA (2)	ROA – Return on Assets after players transactions
Performance	ROE (1)	ROE – Return on Equity before players transactions
	ROE (2)	ROE – Return on Assets after players transactions
Sportive Management	PM	PM - Players Margin: Net profit from players transfers market measure as market value
Sportive Performance	RANK	Final raking position
Solvency	Debt-to-equity	Debt-to-equity ratio

Based on the financial/non-financial ratios, a priori expectation of this study is that restructuring process (acquisitions deals), would improve the management of the football clubs. Having this in consideration, the results may incorporate the following priori expectations:

- Post-restructuring ROA (1) > Pre-restructuring ROA (1);
- Post-restructuring ROA (2) > Pre-restructuring ROA (2);
- Post-restructuring ROE (1) > Pre-restructuring ROE (1);
- Post-restructuring ROE (2) > Pre-restructuring ROE (2);
- Post-restructuring PM > Pre-restructuring PM;
- Post-restructuring RANK < Pre-restructuring RANK;
- Post-restructuring Debt-to-equity < Pre-restructuring Debt-to-equity.

With exception of Rank and Debt-to-equity ratios, all the post restructuring ratios should be greater than the pre-restructuring ratios, which indicates that:

- For ROA ratios: the football clubs have an improvement on their profits earned through its total assets. In another words, shows how efficiently the football clubs uses their assets to generate a profit.
- For ROE ratios: the football clubs have an improvement on their profits earned through all the capital that it employs (short-term debt, long-term debt, and equity).
- For Players Margin: In spite the main activity of football clubs integrate revenues through ticket sells, television rights, merchandising, among others, the players margin is a reasonable factor to evaluate the final output. As referred by several authors, the market value of these resources represents in certain way, the contribution that they have in achieving the final output with their team (Kern, Schwarzmann, and Wiedenegger (2012); Dawson et al. (2000); Franck et al. (2010)). The higher the players margin, the better is the management of those resources.

In another fashion, it is expected that the position on final raking would be smaller than the previous year, as the higher the score (more points achieved by each team), the better is the sportive performance. The first positions on the scale are highly desirable (e. g., 1, 2, 3). Likewise, for a successful restructuring process, a quality management performance is expected, and therefore the club should not increase their indebtedness levels.

3.2.1 Methodology - Model II

The Model II will be used, based on two regressions I (1) and II (2), which aims to support the hypothesis i. and ii.

$$Profitability_i = \beta_0 + \beta_1 INV + \beta_2 Rank + Dummies + \epsilon_i \quad (1)$$

For regression (1) it will be used the variables independents investment, and the variation in the final raking league position. The objective is to test if the amount of money invested in the football players by private investors, measured as an average of the purchases made three years after the acquisition process have a significant relation with the return on assets after the restructuring process. Additionally, it will be assessed if there is an improvement of sportive performance (final raking performance) through return on assets after the restructuring process. The theory behind that is that with an improvement in sportive performance, the ROA may improve with more revenue earned by tickets sell, television rights, among others.

The dummy variables considerer is the number of times that the club change their ownership, as well if the origin of the private investors is from UK (national) or if there are from another countries or continents. This aims to support if the diversity of the origins of the investments, as well, as the different motivations have impact on the performance of football clubs in relation to the acquisitions made by native, United Kingdom people.

Table 6 - Overview of Variable Regression I

<i>Variable Type</i>	<i>Variable</i>	<i>Description</i>	<i>Scale</i>
<i>Dependent variable</i>	Profitability	Change in Return on Assets between average of ROA three years before and three years after the acquisition of football clubs.	Metric
	Investment	Average of players purchases, three years after the acquisition process of football clubs (measured as market value).	Metric
	Rank	Change in final league position as a difference through an average of final raking position of the three years before and after the acquisition process.	Metric
<i>Independent variable</i>	Ownership	For the transactions identified in the sample (n° of times the club was acquired), it is the count of the change in ownership.	Dummy
	Origin (other than UK)	Origin of the investor (if UK = 0; if another country=1)	Dummy

$$Performance_i = \beta_0 + \beta_1 Debt + \beta_2 INV + Dummy + \epsilon_i \quad (2)$$

For regression (2) it will be used the variables independents debt and investment. The objective is to figure out if the amount of indebtedness employed during the three years after the acquisition process and the level of investment in their intangible assets (football players) could have an impact in the performance of the football clubs. The dummy variable considered is the number of times that the club change their ownership.

Table 7 - Overview Variables Regression II

<i>Variable Type</i>	<i>Variable</i>	<i>Description</i>	<i>Scale</i>
<i>Dependent variable</i>	Performance	Change in Return on Equity between average of ROE three years before and three years after the acquisition of football clubs.	Metric
	Debt	Average of Debt-to-equity ratio, three years after the acquisition process of football clubs (measured as amount of total debt divided by total shareholder's equity).	Metric
<i>Independent variable</i>	Investment	Average of players purchases, three years after the acquisition process of football clubs (measured as market value).	Metric
	Ownership	For the transactions identified in the sample (n° of times the club was acquired), it is the count of the change in ownership.	Dummy

Considering both the regression (1) and (2) a preliminary analysis was performed through a correlation matrix for both regressions. The objective is to confirm that there is no multicollinearity between the independent variables.

Table 8 - Correlation Matrix

Regression 1	Profitability	Investment	Rank	Ownership	Origin
Profitability	1.0000				
Investment	-0.1751	1.0000			
	0.3220				
Rank	-0.3998*	0.1569	1.0000		
	0.0191	0.3756			
Ownership	-0.3407*	-0.0980	-0.3220	1.0000	
	0.0486	0.5816	0.0633		
Origin	-0.0927	-0.3406*	0.1544	0.0170	1.0000
	0.6021	0.0487	0.3834	0.9239	

Regression 2	Performance	Debt	Investment	Ownership
Performance	1.0000			
Debt	-0.5375*	1.000		
Investment	0.1383	0.0892	1.000	
Ownership	0.2988	0.0223	-0.0980	1.000
	0.0010	0.6161	0.5816	0.0861

The correlation may range from -1 and +1, where 1 indicates a perfect linear correlation and -1 a perfect inverse correlation. A correlation of 0 (uncorrelated variables) indicates an absence of any linear relationship between the variables. Some authors consider that correlation values between 1.0 and 0.7 show high correlation, values between 0.4 and 0.7 show a moderate correlation and values between 0 and 0.4 show a weak correlation. Having this in mind, table 8 shows that the independent variables have low correlation between each other and there is no multicollinearity bias (Wooldridge (2015)). In addition, a sensitivity analysis was performed in point “4.5 Sensitivity Analysis” with a VIF test.

4. Empirical Results

4.1 Descriptive Statistics

In table 9 is found a summary statistic for the sample variable used in Model II (regression I (1) and regression II (2)). Note that both independent variables include the players transactions accounting impact.

Table 9 -Summary Statistics from Model II

Variable type	Variable	N	Mean	Median	Std. Dev.	Minimum	Maximum
Dependent Variable	ROA	34	-0.13	-0.07	0.28	-0.96	0.64
	ROE	34	0.35	0.04	3.05	-8.43	9.01
Independent Variable	Debt	34	-0.69	1.32	9.20	-32.96	20.16
	Investment	34	-35.57	-25.24	35.34	-126.59	-0.13
	Origin	34	0.68	1.00	0.47	0.00	1.00
	Ownership	34	1.47	1.00	0.66	1.00	3.00
	Rank	34	-0.77	-1.33	11.36	-19.67	31.00

In the summary statistics the mean for the variable ROA is negative (-0.13), which corroborates the low profitability of this sector. This ROA refers to the variable profitability, that indicates the change in Return on Assets between average of ROA three years before and three years after the acquisition of football clubs. Since 93% of the observations in the sample refer to private acquisitions made by businessmen, this scenario supports the conclusions of some authors that, sometimes referred as “Sugar Daddies” contribute to the increase in low profitability.

The mean of the variable ROE is positive, that represents the performance, that is, the change in Return on Equity between average of ROE three years before and three years after the acquisition of football clubs, which represents a positive trend in the improvement of the ratio, however as it will be verified in the point “**4.3 Results from Model I**”, there is no statistical evidence that corroborates that this positive trend is strong enough to be considered an improvement resulted from the acquisitions deals.

The debt variable has a negative average value of -0.69 (69%), which corroborates the scenario of high levels of debt that the football clubs generally have.

The mean of the investment through players purchases is about 35M £. The outlier -126.59M£ refers to the average of football players purchases three years after the acquisition of Manchester City during the season 2008/2009. In this case, this outlier was a result of a considerable increase in the investment 335% in football players purchases in relation to the 3 years average of the 3 seasons before the acquisition process. In spite that it was observed an improvement in the final league rank position (decrease of 77%), from 13 place to 3, it seems that this outlier in terms of investment can be an example of the overinvestment referred by various authors, because as cited on literature review, there is an existence of a stronger correlation between talent investment and winning probability (Rohde & Breuer (2016)). However, the results do not always prove this strong correlation.

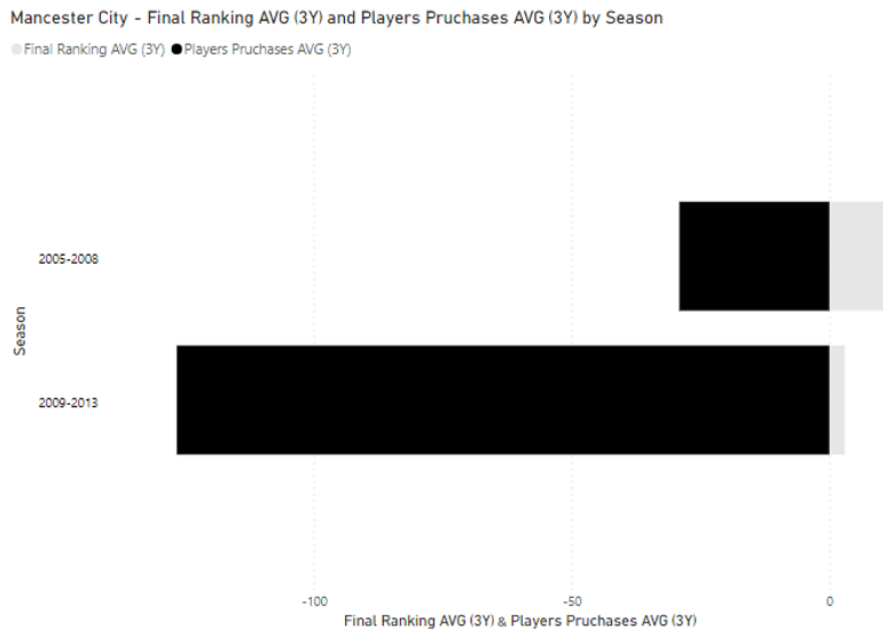


Figure 1 – Detail Analysis of Manchester City FC

Based on the Table 9 that outliers minimum -8.43 (variable ROE), 9.01 (variable ROA) and the minimum of -32.96 (variable Debt) are related to West Ham United Football Club. In the sample of the present study, 4 observations of West Ham United were identified.

Analyzing in more detail the observations, the sequential of acquisitions (2006/2007, 2008/2009, 2009/2010, 2012/2013), results in an improvement on the ROE ratio and Debt-to-equity, which indicates a positive trend. Also, the consecutive changes in ownership/leadership have brought an improvement in the stability of those financial indicators.

Table 10 - Detail Analysis West Ham United

Code	Year	Season	% Share Acquired	Origin	Major Shareholder
WHU1	2006	2006/2007	100%	Europe	Bjorgolfur Gudmundsson
WHU2	2009	2008/2009	100%	Europe	CB Holding ehf
WHU3	2010	2009/2010	50%	UK	David Sulliva David Gold
WHU4	2013	2012/2013	52%	UK	David Sulliva

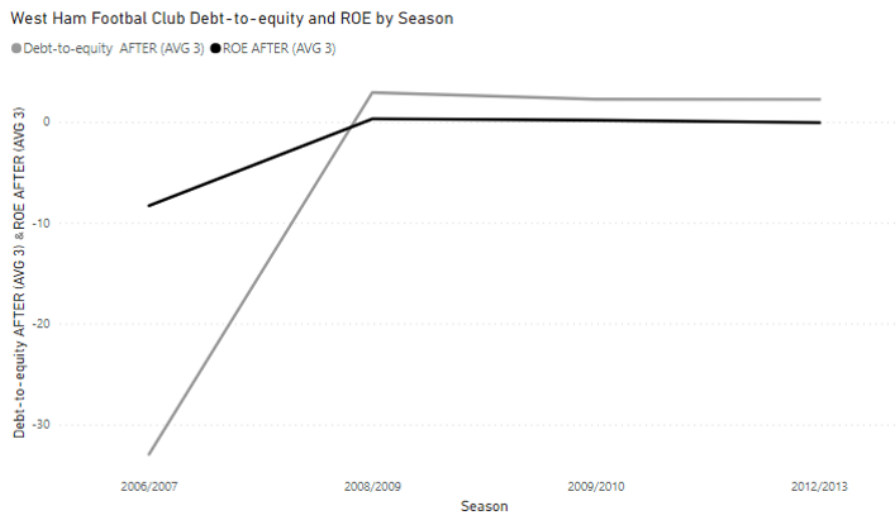


Figure 2 - Indebtedness versus ROE (West Ham United)

4.2. Evolution of Private Acquisitions 2002-2021

In the present section is identified a statistical analysis of the evolution of private acquisitions in English football clubs. Please note, that for this analysis, it was considered some observations that were excluded from Model I and II, due a consistency of financial information. The observations excluded from Model I and II are 9, that represents acquisitions made during the season 2002/2003 (case of Chelsea) and from seasons 2018/2019 to 2021/2022 (see table A in appendix), for which it was not possible to calculate an average of financial and non-financial information 3 years after and before the transaction.

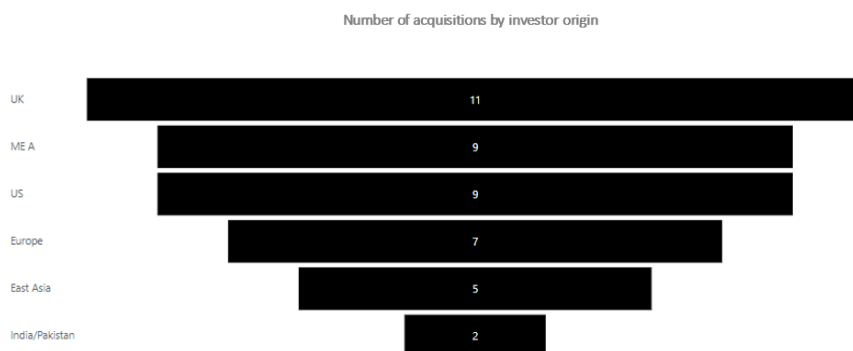


Figure 3 - Origin of Investment

Having this in mind and based on figure 3 for a total sample of 43 observations, 11 acquisitions was performed by native investors from United Kingdom (26%), 9 was performed by investors

from Middle East and Africa (21%) and another 9 was performed by Investors from United States (21%). The rest of acquisitions counts for 16% with European origin and the other 17% counts for investors from East Asia and India Pakistan.

Table 11 - Percentage of Acquisitions by Investor Origin

Origin	#	%
UK	11	26%
ME A	9	21%
US	9	21%
Europe	7	16%
East Asia	5	12%
India/Pakistan	2	5%
Total	43	100%

As mentioned in the literature review, (see point **2.3 Origins of the Investments in Premier League**) there is a trend in the investment in English football clubs, by foreign investors. Comparing with the present sample (see table 11) this trend is corroborated, with more than half of the acquisitions made by foreign investors have the origin different from European countries, and 75% of the acquisitions was made by investors with a different origin other than UK.

Table 12 - Percentage of Acquisitions by Type of Investor

Type of Investor	#	%
Businessman/family	40	93%
Supporter Ownership	1	2%
Public Investment Fund	1	2%
Asset management Company	1	2%
Total	43	100%

Another interest finding that corroborates the literature review is the percentage of acquisition that were made by businessman/family, that is by private investors that counts for 93% of the sample. In spite the aim of the present study does not include the division between sugar daddies and investor profit-seeker, this number reflects the very small group of wealthy people that can consume “high-quality object of consumption” (Franck (2010a)).

4.3 Results from Model I

The current section presents the empirical results from Model I.

Table 13 - Results of Mean Ratios (3 years)– Model I

Code	Pre- Restructuring	Post- Restructuring	T-value	p-value*	In line with p priori expectation?
ROA (1)	0,0199	-0,0395	1,8900	0,0676	No
ROA (2)	-0,1102	-0,2353	2,5638	0,0151*	No
ROE (1)	0,1876	0,1179	0,1429	0,8872	No
ROE (2)	-0,5355	-0,1807	-0,6775	0,5028	yes
PM	-4,5225	-18,3138	2,9626	0,0056*	No
Rank	23,2843	22,5098	0,3976	0,6935	yes
Debt-to- equity	-4,0567	-0,6913	-1,3013	0,2022	yes

() denotes significance at 0,05 significance level*

The results shows that there is no statistically evidence that the restructuring process improve the efficiency and performance of football clubs, through the assessment of ROA/ROE excluding the players transaction impact.

In another fashion, with a statistically evidence of a p-value of 0,0151, the results show that the restructuring process do not improve the efficiency of football clubs, through the assessment of ROA with the inclusion of players transaction impact, which may indicate that football club´s do not made an efficient management of their intangible assets, in this case the football players. As the results demonstrate the mean doubled in a negative way (-0,1102 average three years before to -0,2353 average three years after). Also, in line with this evidence, the results show with a significant p-value of 0,0056, that the acquisitions of football clubs contribute to a worst result in terms of Players margin (measure as market value), which denotes the weak management of these resources. The mean quadrupled in a negative way, from -4 Million of pounds to -18 Million of pounds, in the 3 years after the acquisition of football clubs. This evidence is in line with the literature review, in the sense that football clubs can be seen as profit maximizers because they search for “real” or potential player talent set in relation to their financial capabilities (Storm & Nielsen (2012); Fort (2000)). Also, it supports the idea of the overinvestment verified in this sector, in the sense that the administrations of football clubs see the investment in the players talent as the key for sportive success, due to a higher probability of winning (Rohde & Breuer (2016)).

However, only few clubs will achieve the desirable final rank position in the league, and as it is possible to analyze in the empirical results from Model I, the difference in the mean of the

final ranking position is not significant, and totalize only -0.7745, which indicates that based on the sample of the present study, the acquisition of football clubs, do not have significant impact on the sportive performance, even having verified that the investment in players had increase significantly.

Although, the present study was not divided by different type of investor and include only observations of acquisitions of football clubs with a percentage of share acquired above 50%, those empirical evidence are in line with conclusions from another authors, that found evidence of the impact of sugar daddies on the increase in team investment and in reduction of profitability (Rohde & Breuer (2016); Franck (2010); Storm & Nielsen (2012)).

In addition, in spite of there are some ratios (financial and non-financial) that are in line with priori expectations, there are no statistically evidence that the restructuring process had a positive impact in the probability, performance and in the solvency of the football clubs.

4.4 Results from Model II

In the following section, it will be present the results from Model II, regression (1) I and (2) II. As there is no evidence of heteroskedasticity for dependent and for independent variables of regression (1) I (see table B in appendix – both p-values are above 0.05), the regression was done by performed an ordinary regression, without a robust regression. In another fashion, for regression (2) II, the Breusch-Pagan / Cook-Weisberg test for heteroskedasticity presents some evidence, that heteroskedasticity may exist in regression II. Having this in mind, a robust regression was performed, in order to obtain a more accurate p-value.

Table 14 - Regression Results from the Estimation of Regression I and Regression II

Variable	Regression I	Regression II
Constant	-0.2796 (0.044)	-1.1811 (0.281)
Investment	-0.0011 (0.434)	0.0105 (0.321)
Ownership	0.1016 (0.181)	1.3790 (0.146)
Rank	-0.0072 (0.120)	
Origin	-0.0603 (0.576)	
Debt		0.1727* (0.000)
Dummies	Yes	Yes

R-Squared	0.2290	0.3856
Adjusted R-Squared	0.1226	0.3242
F-statistic	2.15	6.12
Observations	34	34

*Notes: *statistical significant at the 5% level.*

***statistical significant at the 1% level.*

**** statistical significant at the 10% level.*

The p-values are in parentheses

Based on results from regression I there is no statistical evidence that restructuring process improve the profitability of the football clubs. This statement is based on the results that shows that there is no statistical evidence of a correlation between the amount of money investing through the purchases of football players and the profitability of the club. As the ROA includes the players transactions, the prior expectation was that, as the amount invested increases over the acquisition of those intangible assets, the profitability would improve. However, the results are not aligned with prior expectations, and the clubs may not be managing efficiently those resources. This is another interest finding that corroborates that the scenario of “overspend” on playing talent do not improve the profitability of the company.

In addition, there is no statistical evidence that the fluctuations in final raking positions have impact in the return on asset of football clubs, and there is no statistical evidence that the correlation of the other variables, ownership, and rank, have influence in the ROA. These are two important variables to assessment the motivations/diversification that promotes the private acquisition of the clubs. As the empirical results demonstrates, there is no evidence of a relation between foreign investors (Origin other than UK) and improvement in ROA, as well, as the number of times that clubs change their ownership.

For regression II, a statistical evidence shows that there is a relation between the level of indebtedness (debt-to-equity ratio) and the return on equity. It was found that the variation of ROE increases 0.1727 for each one-point increase in Debt-to-equity ratio. This evidence is not a surprise as football clubs do a controversial management of debt levels, as the sector is characterized by high levels of debt and abnormally high survival rates. Maybe, is because of the management of debt levels that the mean of ROE is positive for the sample defined (see point **4.1 Descriptive Statistics**).

In line with regression I, the other variables (investment and ownership) are insignificant.

4.5 Sensitivity Analysis

In the following section was performed a sensitivity analysis in order to check the robustness of the evidence obtain in section “4.4 Results from Model II”. The method utilized was the Variance Inflation Factor (VIF), that permits identify if there exists potential collinearity between the explanatory variables.

Table 15 - Variance Inflation Factor (VIF)

<i>Regression I</i>		
Variable	VIF	1/VIF
Rank	1.2	0.833919
Origin	1.19	0.837035
Investment	1.19	0.838482
Ownership	1.12	0.891129
Mean VIF	1.18	
<i>Regression II</i>		
Variable	VIF	1/VIF
Investment	1.02	0.982058
Ownership	1.01	0.989435
Debt	1.01	0.991078
Mean VIF	1.01	

Based on the results shown in table 15, there is no margin to concern about collinearity for regression I (1) and II (2). The values of VIF are closer to 1.

Some authors disagree about the general cut-off value for the VIF. The cut-off value goes from 2,5 to 10 (Johnston, Jones, Manley (2018); Vittinghoff, Glidden, Shiboski, McCulloch (2012)). However, depending on the different approaches of the authors, if the VIF is above the cut off value, it indicates that collinearity is a serious problem, which is not a concern in the present case (all values of VIF are below the minimum acceptable cut-off value – 2,5).

5. Summary and Conclusions

In order to obtain a response to the main question of the present study, four hypothesis tests were defined to support the conclusions. Please note, that the term “restructuring process” consist in acquisition deals, almost of them made by businessman.

For the first hypothesis test it was found a significant statistical evidence (based on Model I) that the restructuring process have a negative effect on the profitability of the football clubs, this evidence was only observed for the analysis of ROA that includes the accounting impact of players transactions. This better contributes to the other author conclusions, that found that the effect in low profitability is manly a result from the private majority investors that massively focusses on team investment and contributes to a lower profitability of football clubs (Rohde & Breuer (2016); Franck (2010); Storm & Nielsen (2012)).

In relation to the second hypothesis test it was found a statistical evidence (Based in Model II) that the debt-to-equity ratio have a strong relation with the variation on ROE. Therefore, private investors can have impact on improvement or deterioration of ROE with their controversially management of debt levels, however based on Modell I no statistical evidence was found of this improvement. Which indicates that, although the level of indebtedness has an impact on the performance, it was not sufficiently high to corroborate the impact before and after the acquisition.

Analyzing the third hypothesis test there were not found evidence that those transactions had significant effect on the sportive performance of the football clubs, in spite that there were found a significant increase in the investment in the players talent. This phenomenon is in line with other authors conclusions of a scenario of overinvestment, in the sense that, businessman inject huge amounts of money seeking for the better football players in the market. The base for this behavior, sounds like there is a strong relationship between winning competitions and sportive investment (players), in the sense that, if the player talent is higher, the market value will be higher as well; If the club was acquired by wealthy businessmen, they will inject money for a greater investment of these resources always searching for the higher quality players. However only one club will archive the desired result. So, can one conclude that the best way to achieve a better performance is through injections of money to buy the highest sporting talents? The answer will remain open.

Similarly, it will remain open, the suspicion that the purchases of the best talents in the football clubs, may contribute to the increase or stabilization of revenue over the selling of merchandise, television rights, tickets among others. It cannot be overstated, that the best football talents are in almost of the cases, “superstars” as well. As referred in literature review, the diversification of sources of revenue on English football clubs is a trend, and the marketing strategies can use these superstars to gain superior advantage.

Finally, no statistical evidence was found that the acquisition of football clubs has significant impact on the solvency of the football clubs, in spite that the results in Model I, are in line with prior expectation. Maybe, this trend of reduction of the debt-levels are a result of the Financial Fair Play rules.

Now it is possible to compare the empirical results to one of the main curiosities of the present study, that is if the deal motivations could have impact on the performance of the football clubs. So, having in considerations the diversity of the entrepreneur orientations and the profile of the main investors of the sample (businessmen/families), it exists a margin to say that most of the acquisitions are performed with another objective different of maximize the profits of the football clubs (e.g. when referred to maximize profits it could be by improving the performance, profitability ...). It makes sense that these transactions may have "non-palpable" effects such as improving reputation, often associated with political orientations, maximizing the utility of consumption restricted to those very rich people, and even to improve the other business at the same time of those football clubs' owners.

6. Limitations and Suggestions of Further Research

The lack of public information regarding football clubs and private deals were one of the main limitations of the present study. The Premier League and the English Football League was selected as the sample base due to the public divulgation that is made by United Kingdom Govern of the audited annual reports of football clubs which indicates that it is a reliable source of information. Even though, some clubs were excluded due to lack of financial information in some years, such as the case of Huddersfield Town A.F.C., AFC Bournemouth, Crystal Palace, Leeds United, Leicester City.

A suggestion for future research would be to analyze the impact of acquisitions made by foreign investors in other European leagues, for example in La Liga (Spain), Ligue 1 (France), Série A

(Italy), among others, including the analyze of the financial impact on the participation in continental competitions, (e.g., Champions League, Europe League) and them try to compare with the results obtain in Premier League/ EFL. In final, it could be assessed if there any specified characteristic in each country or if there exists a common behavior. It could be suspicion that if the clubs participate in the Champions League or even European League, a common behavior may be present (in spite the different countries) due to the awareness and the public impact that those competitions have in the heart of the supports.

Another suggestion could be the assessment of the impact of those acquisitions in the improving of the different sources of revenue (which is also a trend in Premier League) and try to measure the importance of the diversification of those sources in the survival of the football clubs or even in the stabilization of the income, that is, what is the weight of the alternative sources? Can it be corroborated that this trend is increasing? Here, it would be interest to measure the impact of the acquisition of “superstars” (the football players) in the increasing of these different sources of revenues (e.g. improving television audiences, improving revenue through social media – Instagram followers, among others).

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Appendix

Table A - Sample Observations: In the table is identified all the observations of the sample, that is the transactions (acquisitions) occurring during the period 2002-2021. To fulfil the requirement of “transactions” it was only considered acquisitions that the percentage of the share acquired is above or equal to 50%. The football clubs included in the sample are 16 football clubs of the Premier League during the season 2021/2022, and 6 football clubs that finished the English Football League season 2021/2022 among the first ten positions.

Club	Code	League	Date of acquisition (Season)	Major Shareholder	Origin	Model I And II
Arsenal FC	ARS1	Premier League	2010/2011	E. Stanley Kroenke	US	Included
Arsenal FC	ARS2	Premier League	2018/2019	E. Stanley Kroenke	US	Excluded
Aston Villa FC	AVL1	Premier League	2006/2007	Randolph Lerner	US	Included
Aston Villa FC	AVL2	Premier League	2015/2016	Tony Xia	East Asia	Included
Aston Villa FC	AVL3	Premier League	2017/2018	Nassef Sawiris Group NNS Wesley Edens	ME A	Included
Aston Villa FC	AVL4	Premier League	2019/2020	Nassef Sawiris Group NNS Wesley Edens	ME A	Excluded
Brentford FC	BRE1	Premier League	2005/2006	Brentford Football Community Society Limited	UK	Included
Brentford FC	BRE2	Premier League	2011/2012	Matthew Benham	UK	Included
Brighton & Hove Albion FC	BHA1	Premier League	2008/2009	Tony Bloom	UK	Included
Burnley FC	BUR1	Premier League	2020/2021	ALK Capital	US	Excluded
Chelsea FC	CHE1	Premier League	2002/2003	Roman Abramovich	Europe	Excluded
Everton FC	EVE1	Premier League	2015/2016	Farhad Moshiri	ME A	Included
Everton FC	EVE2	Premier League	2018/2019	Farhad Moshiri	ME A	Excluded
Everton FC	EVE3	Premier League	2021/2022	Farhad Moshiri	ME A	Excluded
Liverpool FC	LIV1	Premier League	2006/2007	George Gillett Tom Hicks	US	Included
Liverpool FC	LIV2	Premier League	2010/2011	John W. Henry	US	Included

Manchester City FC	MCI1	Premier League	2006/2007	Thaksin Shinawatra	East Asia	Included
Manchester City FC	MCI2	Premier League	2008/2009	Highness sheikh Mansour bin Zayed Al Nahyan	ME A	Included
Manchester United FC	MUN2	Premier League	2004/2005	The Glazer Family	US	Included
Manchester United FC	MUN3	Premier League	2004/2005	The Glazer Family	US	Included
NewCastele United FC	NEW1	Premier League	2006/2007	Mike Ashley	UK	Included
NewCastele United FC	NEW2	Premier League	2021/2022	Public Investment Fund	ME A	Excluded
Southampton FC	SOU1	Premier League	2008/2009	Markus Liebherr	Europe	Included
Southampton FC	SOU2	Premier League	2017/2018	Gao Jisheng	East Asia	Included
Southampton FC	SOU3	Premier League	2021/2022	Dragan Šolak	Europe	Excluded
Tottenham Hotspur FC	TOT1	Premier League	2006/2007	Joe Lewis	UK	Included
Watford FC	WAT1	Premier League	2010/2011	Laurence Bassini	UK	Included
Watford FC	WAT2	Premier League	2011/2012	Gino Pozzo	Europe	Included
West Ham United FC	WHU1	Premier League	2006/2007	Bjorgolfur Gudmundsson	Europe	Included
West Ham United FC	WHU2	Premier League	2008/2009	CB Holding ehf	Europe	Included
West Ham United FC	WHU3	Premier League	2009/2010	David Sullivan David Gold	UK	Included
West Ham United FC	WHU4	Premier League	2012/2013	David Sullivan	UK	Included
Wolverhampton Wanderers FC	WOL1	Premier League	2007/2008	Steve Morgan	UK	Included
Wolverhampton Wanderers FC	WOL2	Premier League	2015/2016	Guo Guangchang	East Asia	Included
Fulham FC	FUL1	EFL	2012/2013	Mr Shahid Khan	India/Pakistan	Included
Nottingham Forest FC	FOR1	EFL	2011/2012	AL Hasawi Family	ME A	Included
Nottingham Forest FC	FOR2	EFL	2016/2017	E. Marinakis	Europe	Included
Sheffield United	SHU1	EFL	2013/2014	Joint venture between Sheffield United and UTB LLC	UK	Included
Sheffield United	SHU2	EFL	2019/2020	Prince Abdullah Bin Mosaad Bin	ME A	Excluded

				Abdulaziz Al Saud		
Blackburn Rovers	BLA1	EFL	2010/2011	Anuradha J Desai B Venkatesh Rao Balaji Rao	India/Pakistan	Included
Millwall FC	MIL1	EFL	2010/2011	John Berylson	US	Included
West Bromwich Albion FC	WBA1	EFL	2012/2013	Jeremy Peace	UK	Included
West Bromwich Albion FC	WBA2	EFL	2016/2017	G Lai	East Asia	Included

Table B - Breusch-Pagan / Cook-Weisberg test for heteroskedasticity: In the following tables the Breusch-Pagan/Cook-Weisberg test results are present for regressions of regression I (1) and II (2). For regression I both p-values are above 0.05 which corroborates that that is no evidence of heteroskedasticity. For regression II it seems that heteroskedasticity can exist, and therefore a robust regression was performed.

Model II: Regression 1)

Variable:	Profitability	All independent Variables
Chi 2 (1)	2.71	4.93
Prob > chi2	0.1000	0.2950

Model II: Regression 2)

Variable:	Performance	All independent Variables
Chi 2 (1)	6.33	13.08
Prob > chi2	0.0119	0.0045