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The Effect Of Economic Lever Activation And Player Contract Restructuring On The Financial Sustainability Of Fc Barcelona

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Abstract

This study examines the effect of economic lever activation and player contract restructuring on the financial sustainability of FC Barcelona during 2020/21–2024/25. The study uses a quantitative causal approach with an explanatory time-series design. Secondary data were obtained from FC Barcelona's audited annual financial statements and purposively selected for five fiscal seasons. Economic lever activation is proxied by the Debt to Asset Ratio (DAR), player contract restructuring by the Wage to Revenue Ratio (WRR), and financial sustainability by Return on Assets (ROA). Multiple linear regression was employed to test partial and simultaneous effects. The results indicate that economic lever activation does not significantly affect financial sustainability ($t = -1.604$; $p = 0.250$), while player contract restructuring also has no significant partial effect ($t = -0.489$; $p = 0.673$). Simultaneously, the two independent variables do not significantly affect financial sustainability ($F = 1.768$; $p = 0.361$). The model produces $R = 0.799$, $R^2 = 0.639$, and Adjusted $R^2 = 0.277$, indicating that 27.7% of the variation in ROA is explained by the two predictors. Descriptively, however, the data show that economic lever activation was associated with short-term liquidity support, whereas player contract restructuring was accompanied by a decline in the wage-to-revenue ratio. The non-significant statistical findings should be interpreted cautiously because the sample contains only five observations. The study concludes that short-term financial recovery strategies need to be accompanied by sustainable operating revenue and stronger long-term financial discipline.

Keywords: Economic lever activation; player contract restructuring; financial sustainability; FC Barcelona; financial ratios

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INTRODUCTION

Financial sustainability has become an important issue in professional football because clubs must simultaneously pursue sporting performance, maintain competitive player squads, and preserve financial resilience. Financial distress in football can have consequences beyond accounting performance because weak financial conditions may constrain sporting investment and increase the risk of insolvency. Research on European football clubs has therefore emphasized the need for financial indicators capable of identifying financial distress and evaluating resilience (Alaminos & Fernández, 2019; Evans, 2024).

FC Barcelona provides an important case for examining these issues. The club experienced severe financial pressure around 2021, associated with accumulated debt, a high wage structure, transfer commitments, and the revenue disruption caused by the COVID-19 pandemic. Chen (2022) identifies excessive player-related expenditure and an unsustainable salary structure among the central causes of Barcelona's financial crisis. To restore financial capacity, the club subsequently implemented several economic levers involving the monetization of future revenues and commercial assets, while also restructuring player-related contractual obligations.

The economic lever strategy generated substantial short-term financial resources but also involved the transfer or sharing of future economic benefits. At the same time, player contract restructuring was intended to reduce pressure from fixed compensation and improve the flexibility of the club's cost structure. These strategies therefore present a financial trade-off: immediate liquidity and cost relief may support recovery, but the associated commitments can influence future cash flows and profitability. Recent literature likewise indicates that football financial sustainability depends on the interaction between profitability, financial structure, regulation, and the capacity to withstand financial distress (Evans, 2024; Öner, Karataş, & Öztürk Karataş, 2024).

Despite the extensive public discussion surrounding Barcelona's economic levers and player contracts, empirical evidence testing their statistical relationship with the club's financial sustainability remains limited. This study addresses that gap by examining whether changes in DAR and WRR are associated with changes in ROA during the 2020/21–2024/25 period. The study is expected to contribute a focused empirical assessment of the relationship between financial restructuring strategies and accounting-based financial sustainability in a professional football club.

OBJECTIVES

The study has three objectives:

1. to analyze the partial effect of economic lever activation on FC Barcelona's financial sustainability;

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2. to analyze the partial effect of player contract restructuring on financial sustainability; and
3. to examine the simultaneous effect of both strategies on financial sustainability.

METHOD

This study applies a quantitative causal approach using an explanatory design and time-series data from a single organization. Quantitative research is appropriate when numerical observations are systematically analyzed to test relationships and hypotheses (Lim, 2024). The observation period covers five fiscal seasons, 2020/21 through 2024/25. The sample consists of FC Barcelona's audited annual financial statements selected purposively because they contain the financial information required for the operationalization of the study variables.

Three variables are used. Economic lever activation (X1) is proxied by the Debt to Asset Ratio (DAR), calculated as total liabilities divided by total assets multiplied by 100%. Player contract restructuring (X2) is proxied by the Wage to Revenue Ratio (WRR), calculated as total player wage expense divided by operating revenue multiplied by 100%. Financial sustainability (Y) is proxied by Return on Assets (ROA), calculated as net profit or loss divided by total assets multiplied by 100%. The use of accounting ratios is consistent with the broader football-finance literature, which evaluates financial resilience through profitability, leverage, liquidity, and related financial indicators (Alaminos & Fernández, 2019; Evans, 2024).

Descriptive analysis is followed by multiple linear regression. The regression model is expressed as $Y = \alpha + \beta1X1 + \beta2X2 + \varepsilon$. Partial effects are evaluated using the t-test, simultaneous effects using the F-test, and explanatory power using R^2 and Adjusted R^2. The analysis was performed using SPSS. Because the dataset contains only five observations, inferential results are interpreted cautiously and are not treated as broadly generalizable evidence.

RESULTS AND DISCUSSION

Table 1. Financial indicators of FC Barcelona, 2020/21–2024/25

Season	DAR (%)	WRR (%)	PAR (%)	ROA (%)	Current Ratio (x)
2020/21	143.8	85.0	15.0	−46.68	0.32
2021/22	125.2	72.8	8.0	6.95	0.67
2022/23	77.9	78.6	3.1	12.88	1.57
2023/24	107.0	63.3	4.2	−9.44	0.70

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2024/25	106.3	52.8	3.3	0.69	0.70

The descriptive indicators show substantial changes across the observation period. DAR declined from 143.8% in 2020/21 to 77.9% in 2022/23 before increasing to 106.3% in 2024/25. WRR declined overall from 85.0% to 52.8%, indicating a lower proportion of operating revenue allocated to player wages by the end of the period. ROA improved sharply from −46.68% in 2020/21 to 12.88% in 2022/23, but subsequently fell into negative territory in 2023/24 before recovering slightly to 0.69% in 2024/25. The current ratio reached 1.57x in 2022/23, its highest value in the observation period, before returning to approximately 0.70x.

The descriptive pattern suggests that the economic levers coincided with a period of improved liquidity and profitability in 2022/23. However, the subsequent decline in ROA indicates that short-term recovery did not automatically translate into stable profitability. This is consistent with the financial-sustainability perspective that resilience requires more than a temporary improvement in accounting outcomes; clubs must also maintain a financial structure capable of absorbing future shocks (Evans, 2024).

Table 2. Multiple linear regression results

Variable	B	Std. Error	t	Sig.
Constant	97.871	64.528	1.517	0.269
Economic Lever Activation (DAR)	−0.684	0.427	−1.604	0.250
Player Contract Restructuring (WRR)	−0.402	0.823	−0.489	0.673

The estimated regression equation is:

$$\mathbf{ROA = 97.871 - 0.684\ DAR - 0.402\ WRR}$$

The coefficient of DAR is negative (−0.684), indicating that higher leverage is associated with lower ROA in the estimated model, although the relationship is not statistically significant ($p = 0.250$). The WRR coefficient is also negative (−0.402), but its partial effect is not statistically significant ($p = 0.673$). Therefore, both H1 and H2 are rejected at the 5% significance level.

The simultaneous test produces $F = 1.768$ with $p = 0.361$. Since $p > 0.05$, H3 is also rejected. The model produces $R = 0.799$, $R^2 = 0.639$, and Adjusted $R^2 = 0.277$. The adjusted value indicates that DAR and WRR explain 27.7% of the variation in ROA, while 72.3% is attributable to factors outside the model. The difference between R^2 and Adjusted R^2 is particularly important because the sample is very small and the model contains two predictors.

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DISCUSSION

The first finding is that economic lever activation, as represented by DAR, does not have a statistically significant effect on financial sustainability. The negative coefficient is directionally consistent with the argument that greater financial leverage can increase financial risk, but the p-value indicates that the observed relationship cannot be distinguished from random variation with only five observations. Descriptively, the sharp improvement in liquidity and ROA around 2022/23 suggests that the economic levers may have supported short-term recovery. Nevertheless, monetizing future economic rights can also reduce future financial flexibility, so the short-term benefit should not be interpreted as proof of long-term sustainability. Chen (2022) similarly emphasizes the financial burden created by Barcelona's earlier player expenditure and salary structure, while Evans (2024) demonstrates the importance of broader financial resilience rather than reliance on a single accounting indicator.

The second finding is that player contract restructuring, represented by WRR, does not significantly affect ROA. The descriptive decline in WRR from 85.0% to 52.8% suggests an improvement in the relationship between wage expenditure and operating revenue over the observation period. However, the statistical test does not provide sufficient evidence to conclude that this change caused an improvement in ROA. This distinction is important because lower wage pressure can improve cost efficiency without necessarily producing accounting profit when other expenses, financing costs, asset movements, or exceptional items remain substantial.

The simultaneous test also indicates no statistically significant effect of the two strategies on ROA. Thus, the study does not support the proposition that the combined use of economic levers and player contract restructuring was sufficient, by itself, to determine financial sustainability during the five-season observation period. The result is consistent with the broader literature emphasizing that football-club financial sustainability is multidimensional and influenced by several factors, including debt, profitability, regulation, revenue generation, and exposure to financial distress (Alaminos & Fernández, 2019; Evans, 2024; Öner et al., 2024).

The non-significant findings should not be interpreted as evidence that the strategies were economically irrelevant. Rather, they indicate that the available five observations are insufficient to establish statistically significant relationships. The descriptive evidence suggests a distinction between short-term financial stabilization and long-term financial sustainability: economic levers can provide immediate liquidity, while contract restructuring can reduce wage pressure, but sustainable performance ultimately depends on the club's ability to generate recurring operating revenue and maintain a resilient financial structure. This interpretation also accords with research showing that

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quantitative financial analysis requires careful attention to sample size, model assumptions, and robustness checks (Lim, 2024).

CONCLUSION

This study finds that economic lever activation and player contract restructuring do not have statistically significant partial or simultaneous effects on FC Barcelona's financial sustainability as measured by ROA during 2020/21–2024/25. DAR has a negative but non-significant coefficient (B = −0.684; p = 0.250), while WRR also has a negative and non-significant coefficient (B = −0.402; p = 0.673). The simultaneous model is likewise non-significant (F = 1.768; p = 0.361), with an Adjusted R^2 of 0.277.

Despite the absence of statistical significance, descriptive evidence indicates that the economic levers coincided with short-term liquidity improvement, while the reduction in WRR indicates improved wage-to-revenue efficiency. These findings suggest that financial restructuring strategies may support recovery without being sufficient to guarantee long-term financial sustainability. FC Barcelona should therefore combine short-term financing measures with recurring operating-revenue growth, disciplined cost management, and prudent debt management.

The principal limitation is the very small sample of five annual observations and the focus on a single club. Future studies should extend the observation period, compare multiple professional football clubs, and incorporate additional variables such as operating revenue growth, transfer activity, financial regulation, sporting performance, and financing costs.

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