The Influence of Financial Performance on CSR in English League Football Clubs

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Abstract

This research seeks to find out if there is a relationship between corporate social responsibility (CSR) and financial performance as measured by return on assets, debt equity ratio, and the current ratio. The primary focus of this work is on the 25 English Premier League clubs that were registered with the Charity Commission UK from 2018 to 2021. Corporate Social Responsibility (CSR) is the independent (explanatory) variable, while Return on Assets (ROA), Debt Equity Ratio (DER), and Current Ratio (CR) are the dependent variables. Regression multivariate modeling is the technique of choice. DER and ROA are found to positively influence CSR, while CR is found to have no impact. The report asserts that stronger clubs have higher financial social responsibility expenditures than weaker clubs. This research contributes new content on the subject of corporate social responsibility (CSR) in the field of sports with particular emphasis on football and provides important guidance to club managers on how to combine finance and CSR strategies.

Keywords: Corporate Social Responsibility, Current Ratio, DER, Financial Performance, ROA.

Introduction

Corporate social responsibility has become an integral component in modern business strategies, including in the sports industry, such as soccer. Football clubs in the Premier League focus not only on on-field performance but also on their social responsibility toward the community and the environment. Effective CSR implementation can enhance the club's reputation, attract sponsors, and strengthen fan loyalty. According to research by Ribeiro et al. (2019), good CSR implementation can improve company performance; investors tend to invest in companies implementing CSR activities while contributing to sustainability globally. CSR reporting means disclosing information about the company's involvement with the above impacts. It is an important instrument for the dialogue of business with society. Pursuant to the European Parliament directive 2014/95/EU on non-financial information, all the European listed companies must now publish information on CSR issues. This indicates a widespread belief in the importance of effective CSR reporting (Dumortier, 2022).

The financial performance of football clubs plays an important role in determining their ability to implement CSR programs (Miragaia et al., 2019). Clubs with high profitability have greater resources to invest in CSR activities. Conversely, clubs with financial problems may face limitations in carrying out their social responsibilities. The most widely used indicators to measure financial performance in football are current ratio, leverage ratio, return on investment, earnings per share (EPS), player transfer fees, and player salaries (Miragaia et al., 2019). Meanwhile, according to Nurcan & Erdo (2016), the financial ratios used to determine the financial performance of a football club are the current ratio, acid test ratio, return on equity (ROE), and asset turnover rate. The association between the sport's performance, financial performance, and market performance of the European soccer show that the prices relate to sports outcomes according to season results. Other research shows that financial performance is associated with club performance. An example of this is when a club participates in the

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Premier League and European Champions League, which earns them a significant portion of the television rights and more attractive sponsorship income (Alaminos et al., 2020).

In the context of the Premier League, some clubs have experienced significant fluctuations in financial performance as they conduct their business using substantial funds. For example, Manchester United PLC experienced a decline in financial performance during the COVID-19 pandemic, which was reflected in a decrease in profitability and liquidity, as well as an increased reliance on debt (Lewis et al., 2024). Such changes in financial performance may affect the club's ability to implement CSR programs. Premier League clubs are known as companies that have a large CSR for society and the environment. The form of CSR carried out by the club also varies, such as that carried out by Manchester City with its project, the City Football Academy, which is looking for football talents around the world. Manchester City, with this project, provides equal opportunities to all children around the world without discriminating (ECA, 2016). Of course, Manchester City did not spend a little money on the project; it was noted that Manchester City had poured funds of 500,000 euros, or around 8 million rupiah, into the project for 5 years (ECA, 2016). With such substantial funding, the Manchester City project won the Best Community/Education Development Award at the 2015 National CSR Awards.

Although the relationship between financial performance and CSR has been widely researched in the context of general corporations, studies specifically examining the sports industry, especially soccer clubs, are limited. The soccer industry has unique characteristics, such as a wide fan base and high media exposure, which may affect the dynamics between financial performance and CSR implementation. Therefore, it is important to understand how financial performance affects CSR in this context. In the context of Premier League football clubs, CSR can include various things, such as support for social projects, environmental sustainability programs, education, and health. However, football clubs must also consider their financial performance, as clubs that are not financially sound will find it difficult to implement their CSR programs, and they will certainly find it difficult to compete with other clubs.

This study aims to analyze the effect of financial performance on CSR activities at Premier League football clubs during the period 2018-2021. This period was chosen because it includes significant dynamics, including the impact of the COVID-19 pandemic, which affects the financial and operational aspects of clubs. Using secondary data from clubs' financial statements and sustainability reports, this study will measure financial performance through indicators of return on assets (ROA), debt equity ratio (DER), and current ratio (CR) and assess CSR activities based on programs implemented and disclosed by clubs.

The results of this study are expected to make a theoretical contribution to the CSR literature in the sports industry and offer practical recommendations for football club management in designing sustainable financial and social strategies. By understanding the relationship between financial performance and CSR, clubs can formulate policies that not only improve financial performance but also have a positive impact on society at large.

Literature Review

Agency Theory

Agency theory is a theory that discusses the relationship between principals (owners of capital) and agents (managers) who are mandated to manage the principal's resources (Panda & Leepsa, 2017). Agency theory says that the club manager has a very large role in the operation of a club and must know all lines in a football club. The manager is also an extension of the club owner, who may not take care of the club every day, so the manager is the first person to know the state of a club (Szortyka, 2020). So, the club owner must be able to choose the right manager according to the background, vision, and mission of the club so that the club can achieve both short- and long-term goals. In this scenario, the club's financial performance can serve as a supervisor of club management. This is because a good financial performance shows that the club manager is doing the right thing and making money for the club. But if the club's finances are not doing well, it could mean that the manager is not doing the best for the club and should be replaced or given more incentives to do better.

Agency theory can also explain how a club's CSR is affected by how well the club performs. In agency theory, club owners are like "principals" who can tell club managers how to operate the company (Ruta et al., 2019). Club owners who care about CSR can create CSR policies and incentivize club managers to perform their CSR duties. But club management can have diverse goals when it comes to CSR. For example, club managers may think that cutting spending on CSR can help them make more money, or they may not care much about the part of CSR that does not affect how well the club performs. So, the club's financial performance can be used to determine whether club managers have fulfilled their CSR commitments. If the club's finances are good, the managers have done the right thing about CSR.

Signaling Theory

Signaling theory says that sending the right information to show how well the signal sent contains information to the receiving party (Su et al., 2016). The idea of "signaling" can be used to explain how football teams can show that they care about social responsibility by leaving a clear mark in their financial records. Several studies have examined how "signaling" affects how much money and how well soccer teams act. Corporate social responsibility bodes well because it can change the way buyers perceive a company's success and increase its market value (Xiao et al., 2020).

Football clubs show that they can increase their brand value by making it clear in their financial statements that they care about social responsibility (Ika et al., 2020). They also found that good investors like sports teams that do good things for society because a good image can increase the profit of the investor's business. Based on this research, signalling theory can explain how soccer teams can show that they care about social duties by sending clear signals through their financial statements. Of course, good financial report performance will impress investors and can increase the chances of investors investing in the club. So, soccer teams can make their name more valuable so that they can find better sponsors.

Financial Performance

Some of the things that affect how well Premier League clubs perform financially are the financial performance indicators. How well a club performs can be shown by the level of money it brings in. Match tickets, sponsorship, merchandise, and TV rights can be categorized as related business diversification (RBD), while unrelated business diversification (UBD), such as Arsenal FC, has restaurants and bars in Shanghai and Beijing (Holzmayer & Schmidt, 2020). How responsible a team is as a Premier League club can depend on how they handle their money. Some clubs still get financial support from the municipality that comes from the club's local budget so that the government builds the stadium and the club can host the maintenance and use the stadium for matches.

But a club's income in the Premier League also depends on how well the club is known in the city, country, or even abroad or what the club has done in their home city. For example, Chelsea FC allows their stadium to be used by Muslims to worship; it makes Chelsea's name better not only among fans but for the surrounding community and even the world. It also makes Chelsea FC attractive to investors because it has a good reputation and indirectly affects the financial aspects of the club, such as increased jersey sales and increased public confidence in the club. So, club leaders must find ways to do good for society and make money at the same time. Research also shows that Premier League teams help local economies grow over time. Fans, donors, and others increasingly help the team; a good name attracts investors (Scafarto & Dimitropoulos, 2018).

A sports club's finances can be shown by how well it performs in sports. ROA, DER, and CR show how much the club earns, how much it spends, and what it owns. Money ratio studies show how a club's CSR impacts the surrounding community (Acero et al., 2017). Football clubs with a lot of money do CSR work. Based on what they see, companies and fans tend to support soccer teams with good CSR. How much money a sports club makes can change because of CSR. When a club has a good CSR program, more people sign up to help.

Return on Assets (ROA)

ROA is a number that shows how well a business can turn its assets into money. With ROA, you can see how well soccer teams in the Premier League make money from their shares. A club's money gets better as ROA goes up. Studies show that a club's ROA depends on how big, how old, and how often the club plays in Europe (Holzmayer & Schmidt, 2020). European case studies also show how good the players are, how well the club performs, and how social media helps the club get a better return on its assets (Acero et al., 2017). However, ROA should not be the only way to measure a company's performance because it can be influenced by external and internal factors.

Professional football clubs, in this case Premier League clubs, clearly must have their own training ground separate from the stadium where they hold matches (Premier League, 2019). Not all clubs have their own stadium or training ground; therefore, some of these clubs work with the local government by renting government-owned fields. Apart from field ownership, of course, fields that can be counted as assets also provide income, either in the form of brand sponsors who work together or the field is rented out to the public. This indicates that the more the club engages in CSR activities, the more sponsors and investors will be interested in the club, thereby increasing the company's profits.

Debt Equity Ratio (DER)

The debt-to-equity ratio (DER) of a business shows how much debt it needs to run (Liu et al., 2021). This figure measures financial risk. This ratio shows how financially risky the company is and how well it can repay the loan. Companies take on more debt as DER rises. But a low DER can mean that the company is not using its money well and cannot grow as much. In the United Kingdom, the standard DER is set at 30% of EBITDA. DER is an important financial measure to assess corporate debt (Pawłowski, 2020). Research results found that Current Ratio (CR), Debt Ratio (DR), Total Asset Turnover (TATO), Return on Investment (ROI), and Return on Equity (ROE) have a large effect on DER (Kevser & Doğan, 2022), which tells us how well the company can repay its loans. Companies take on more debt as DER rises. But a low DER can mean that the company is not using its money well and cannot grow as much as it could.

The components of debt in a football club include player transfers, payments to vendors related to the renovation and maintenance of stadiums, training grounds, and offices; rental fees for player residences (Plumley et al., 2021). This is a unity; when the club purchases players with debt and these players can make the club's performance increase, it will increase the desire of fans to watch the club at the stadium so that ticket prices can be raised and club income can increase, television rights (Bachmaier et al., 2018), the club's branding goes up, and many sponsors come in, and jersey sales increase. From the club's profits, it can pay the debt from buying the player so that it is a good investment.

Current Ratio (CR)

Current Ratio (CR) is a financial ratio that is useful as an evaluation of the liquidity and ability of a company or club to pay short-term debts with its current assets (Kevser & Doğan, 2022). In the football industry, the current ratio can provide an overview of a club's financial stability and ability to meet its short-term obligations (Abbas, 2023). By having a high current ratio, clubs have good liquidity, which means they have the ability to pay bills, player salaries, and other financial obligations in a timely manner. Conversely, a low current ratio may indicate liquidity risk and difficulty in meeting those obligations.

A healthy current ratio can affect a club's ability to make investments in infrastructure development, player academies, and other assets that contribute to the club's growth. By having a high current ratio, the club has strong financial resources that allow it to invest in short-term development. The current ratio can also reflect the extent to which a speak football club relies on short-term income, such as ticket sales, sponsorship, or broadcasting rights. If a club has a low current ratio, it may indicate that the club is highly dependent on short-term revenue, and fluctuations in revenue may affect the club's liquidity and ability to meet short-term obligations (Morrow, 2015). English League clubs that have been established for tens or even hundreds of years can indicate that the club can last long enough.

Corporate Social Responsibility (CSR)

CSR is essential for a company's long-term business success. It can help the company in building a positive reputation and gaining public trust; CSR can also help the company's finances (Malik, 2015). One industry that has had a tremendous impact on society, particularly in the UK, is football. CSR programs can also be established with the help of football clubs. A football club can help the community by building social initiatives that can help the community (Anagnostopoulos et al., 2017). These programs can be health, education, or environmental initiatives to reduce harmful environmental impacts.

CSR programs can help football teams in many ways. For example, they can improve the club's image in the eyes of the public, gain trust and devotion from fans, and establish good relations with the government and society. CSR programs can also help football clubs make more money (Hyndman & Liguori, 2024). CSR programs can help football clubs build their brand value, which makes them more attractive to potential sponsors and investors. It might help teams earn more money from sponsorships, ticket sales, and merchandising. Putting CSR initiatives in place can lower the cost of running a club, especially when managing the environment and people (Chadwick et al., 2023). But CSR initiatives need to be done right to help the financial health of football clubs. Poorly planned or unsuccessful CSR programs can cost a lot of money and not get the desired result (Karim et al., 2020). So, putting in place CSR initiatives should be done with the right approach and a well-thought-out plan. CSR initiatives are essential for building a solid relationship between the soccer team and the rest of the community.

An effective CSR program can positively affect a football club's financial performance, increase the club's brand value, and lower its operating costs. So, football clubs need to pay attention to the implementation of CSR programs to ensure the club stays in business and helps society and the environment (Chadwick et al., 2023). One of the forms of CSR programs carried out by Arsenal FC is 'Freedom For Torture' with its vision and mission of offering a sense of belonging. The program began in December 2010 by working with local communities by providing individual mentoring and access to quality training. The project has evolved in response to the needs of the group, for example, providing accredited training and access to professional support. The project also provides a platform for people to grow and have a sense of community with each other (ECA, 2016). Meanwhile, Aston Villa held a social enterprise academy to sustain the local education strategy. The program runs for 13 weeks and invites under-educated communities and students achieving accredited qualifications to learn business directly from existing companies. Learning takes place within the soccer stadium as well as participating schools, allowing students to explore new environments, broaden their horizons, and learn how different departments of the club operate. Students study business principles, learn about issues affecting the local community, and apply that knowledge to develop practical business ideas and, as a project, operate their own social enterprise to raise funds for a specific cause (ECA, 2016). While players from each English League club not only act on the field but also off the field, especially in relation to the CSR of the club where they play. For example, Liverpool players and staff made regular visits to hospitals in the Alder Hey area amidst their busy schedule preparing the team for the match against Manchester United. Players and staff played, entertained, and distributed gifts to children who were being treated there (Carroll, 2018).

An index to measure CSR based on three main categories (environmental and sustainability policies; community engagement; and labor and anti-corruption policies) has been created. The first category includes the following: policies, reports, and awards; pollution and resource sustainability; environmental aesthetics; and energy. The second category includes the following: support or participation in social foundations, general information or CSR plans related to specific communities, philanthropy, education, public health, and sports factors. The last category includes labor policies and the fight against corruption (Hamil & Morrow, 2011; Kolyperas & Sparks, 2011; Ribeiro et al., 2019).

Effect of ROA on CSR

There is a study that proposes that return on assets (ROA) has a positive effect on six clubs and a significant relationship with CSR spending, while there are about five clubs that have the opposite effect, so research is needed to prove the results (Pawłowski, 2020). While the study conducted by ROA has a positive effect on CSR, meaning that the higher the ROA value, the more it will increase the CSR activities of the football club company (Holzmayer & Schmidt, 2020). ROA is based on company profit, with higher profits being more profitable. Acero et al. (2017) research, which examined soccer teams in European leagues like Germany, Spain, France, Italy, and England from 2006 to 2013, discovered a positive correlation between club ROA and CSR activities. If the club's ROA rises, it will be more active in its CSR work in the community and environment. To improve its image, football club management needs to pay attention to its funds and consider CSR projects.
H_1: ROA affects the CSR of English league football clubs.

Effect of DER on CSR

The debt-to-equity ratio (DER) is one way to find out the capital structure of a company. In the business world, a company's cash system is one of the most important things that affects its ability to stay in business. In the same way, a football club's capital structure can affect how well it makes money and how it handles its corporate social responsibility (CSR). The study from Liu et al. (2021) said that DER has a positive effect on CSR; it is because the greater the DER value, the more the club will have funds to be able to start CSR projects for the surrounding community. Holzmayer & Schmidt (2020) also support this research, presenting similar results. More than one study has looked at how DER affects CSR. For example, a study by Freestone & Manoli (2017) found that DER and CSR are mutually detrimental or have a negative effect. The results of this study indicate that the higher the DER, the greater the CSR.
H_2: DER affects CSR of English league football clubs.

Effect of CR on CSR

According to Abbas (2023), the current ratio (CR) of a club shows a positive relationship between the financial strength of a club and the CSR of a football club. This can happen

because a club that has an organized and effective CSR program will have a better reputation in the eyes of the public. Investors will be more inclined to invest in the club, leading to an increase in its valuation, price, and ease of obtaining loans or debt. The debt is used to build the club so that the assets of the club are many so that the ability to pay the debt increases in accordance with what was researched by Nurcan & Erdo (2016), who researched the same thing on clubs in Turkey. When CR is high, it shows that the company can spin money well, which can increase its value. However, a clear understanding of how CR influences a business's CSR activities remains crucial. In the modern world, CSR is becoming increasingly important for businesses such as sports clubs. With the current ratio, the public and investors can see how well the business is performing financially.
H3: CR affects the CSR of English league football clubs.

Methodology

The data population of this study comes from 25 soccer clubs divided into English Premier League (EPL) or division 1 and English Football League Championship or division 2 in the English soccer pyramid registered at register-of-charities.charitycommission.gov.uk.com from 2018-2021 using purposive sampling method which is a mixture of English Premier League (division 1 league) and English Football League Championship (division 2 league). The data period taken for 4 years starting from 2018-2021 is because the register-of-charities.charitycommission.gov.uk.com website consistently displays company financial statement data for the last 4 years.

The variables tested in this study are financial performance consisting of Return on Assets (ROA), Debt Equity Ratio (DER), Current Ratio (CR) as independent variables, and Corporate Social Responsibility (CSR) as the dependent variable. Each of these independent variables will be described as follows: ROA provides an overview of financial ratios that measure how effective the company is generating profits from its assets (Holzmayer & Schmidt, 2020). With a measurement scale using the ratio and formula as follows:

$$Return\ On\ Asseet = \frac{Net\ Income}{Total\ Assets}$$

DER explains the amount of company capital that is able to cover its debts (Plumley et al., 2021), DER is measured using a ratio scale and the DER formula is as follows:

$$Debt\ to\ Equity\ = \frac{Total\ Utang}{Total\ Ekuitas}$$

CR gives an idea of the company's profitability in each share. According to Handayani et al. (2023) , CR is measured using a ratio with the formula as follows:

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$$

This study aims to show whether financial performance consisting of Return on Asset (ROA), Debt Equity Ratio (DER), and Current Ratio (CR) affects CSR in soccer clubs. Hypothesis testing is done using a regression analysis model that can be formulated as follows:

$$CSR = \alpha + \beta 1ROA + \beta 2DER + \beta 3CR + \varepsilon$$

Description:

CSR	=	Corporate Social Responsibility
α	=	Constant
β1-β3	=	Regression coefficient
ROA	=	Return on Asset
DER	=	Debt Equity Ratio
CR	=	Current Ratio
ε	=	Error

Analysis and Discussion

Analysis

Multiple regression analysis models were used in this study and tested using the SPSS version 25 application to determine financial performance on Corporate Social Responsibility (CSR). The ratios used in financial performance are ROA, DER, and CR. Table 1 are descriptive statistics of each variable.

Table 1 Result Descriptive Statistics

	Mean	Median	Minimum	Maximum
Return on Asset	0.4651	0.510	0.4	1.38
Debt Equity Ratio	0.9434	0.80	0.14	2.67
Current Ratio	1.6987	1.5150	0.72	4.77
Corporate Social Responsibility	0.555	0.54	0.38	0.79

Table 1 shows the results of the descriptive statistical test for the dependent variable (ROA, DER, and CR) against the independent variable (CSR). The dependent variable for ROA measured by net income divided by net assets has a mean of 0.4651 which is greater than the standard deviation result of 0.2028. The dependent variable DER which is measured using total debt divided by total equity. The results found are that the average value of DER is 1.6843 while the smallest or minimum value is 0.14 coming from the Stoke City FC club from 2019 and 2020, while the maximum value is 2.67 coming from the Brenford FC club in 2019. For the dependent variable CR gets a fairly high average figure of 1.684, this figure is inseparable from the high value of assets in English League clubs both English Premier League and English Football League Championship. The minimum value is 0.72 by the Millwall FC club in 2019, this is inseparable from Millwall's poor performance that year with a change of coach and failed promotion to the premier league. While the highest CR value is 4.77 by Stoke City FC in 2021 even though they failed to be promoted to the English premier league.

Table 2. Results of Normality Test

		Unstandardized Residual
N		100
Normal Parameters	Mean	0.000000
Most Extreme Differences	Absolute	0.07130207
	Positive	0.66
	Negative	-0.58
Test Statistics		0.66
Asymp Sig (2 tailed)		0.200

Table 2 is the result of the normality test using the One-Sample Kolmogorov-Smirnov test which shows that the data is normal, it is evidenced by Asymp. Sig (2-tailed) of 0.200 and exceeds the standard significance value of 0.05.

Table 3. Results of Multicollinearity and Heteroscedasticity Tests Results

Research Variables	Tolerance	VIF	t	Sig.
Return on Asset	0.930	1.075	6.115	0.000
Debt Equity Ratio	0.895	1.118	3.235	0.002
Current Ratio	0.919	1.088	0.375	0.709

Table 3 shows the multicollinearity test results that meet the criteria because the tolerance value for ROA is 0.933, DER is 0.890 and CR is 0.916 which is above the standard value of 0.1 and VIF is below 10 with each variable ROA 1.072, DER 1.124, and CR 1.092. One can assess if the variances in a regression model are unequal by looking at heteroscedasticity. To use the Glejser method to show that this test is possible. The independent variable's significance value is greater than or equal to 0.05. Thus, the inference drawn from these findings is that homoscedasticity occurs whereas heteroscedasticity does not.

Table 4. Hypothesis Test Results

ANOVA[a]

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.023	3	0.008	4.470	0.006
	Residual	0.168	96	0.002		
	Total	0.192	99			

Model	T	Significant	Information
Return on Asset	3.320	0.001	H1 accepted
Debt Equity Ratio	-2.073	0.041	H2 accepted
Current Ratio	-0.116	0.908	H3 not accepted

Model	R	R^2	Adjusted R. Square	Std. Error of the Estimate
1	0.623	0.388	0.368	0.07240

Partial T test results, can be seen in table 4 that for the dependent variable ROA has a significance value of 0.00 (smaller than 0.05) so it can be concluded that the dependent variable ROA has a positive effect on the independent variable CSR. Meanwhile, the dependent variable DER has a significance value smaller than 0.05, namely 0.041. It can also be concluded that DER also has a positive effect on CSR. Meanwhile, CR has a significance value of 0.908 which is greater than 0.05, so it can be concluded that the dependent variable CR has no influence on the independent variable CSR.

ROA and DER have an effect on CSR because the data obtained shows that the more the club profits either through sponsors, investors, and by going into debt to get players with good reputation so that they can lift the club's image, the club tends to do more CSR activities. It is inseparable from the English League operator who has regulations that clubs must also carry out CSR with the aim of serving the community.

That is because many of the English League clubs are tens of even hundreds of years old so that the club has had assets for a long time so that the total assets of the club are on average high while the neef for players in the transfer market cannot pay too much due to Financial Fair Play (FFP) rules so that the total liabilities of the club vary, especially the English Football League Championship or the second English League tends to be low causing the club's CR value to be high but not directly proportional to their CSR value which tends to be low. Many English Football League Championship clubs also do not meet the index points of the CSR measurement scale due to budget savings.

To find out the results of the Simultaneous test, it can be seen from table 4 Anova, the Significance of the F test of 0.00 is smaller than 0.05, while for the F table value with 3 dependent variables and 4 years of company data (2018-2021), the F table value is 2.6955343 while the calculated F value in the table is 4.470 so it can be concluded that all dependent variables affect the independent variable.

The R square value of 0.388 indicates that the independent variable explain 38.8% of the variance in Corporate Social Responsibility, while the remaining 61.2% is explained by other variables not considered in this study.

Discussion

This study wants to find out whether there is a relationship between financial performance represented by ROA, DER, and CR on CSR of football club companies in the Premier League. The results obtained for the first hypothesis state that ROA has a positive impact on CSR which is in line with the research of Pawlowski (2020) and

Holzmayer & Schmidt (2020). The higher the ROA, the higher the CSR of the football club. This is inseparable from the large income of English League clubs that come from television rights, so clubs have a lot of money to carry out CSR activities and can improve their image to attract investors. A high ROA reflects the ability of football clubs to generate profits from their assets. Based on agency theory, good profitability reduces the conflict of interest between agents and principals. Management has more freedom to allocate resources to CSR activities without pressure from owners or shareholders to focus on financial returns alone. By implementing CSR, management shows that they also care about the interests of the wider community, thereby reducing potential conflicts with stakeholders. From a signaling theory perspective, the implementation of CSR by clubs with high ROA provides a positive signal to sponsors, fans, and the public that the club has stable financial performance and is socially responsible. CSR becomes a tool to strengthen reputation and attract support from various parties, which in turn can increase fan loyalty and additional revenue opportunities. Clubs with high profitability, such as Manchester United or Liverpool, often use CSR programs as a strategy to maintain a positive image on a global level.

The results of testing the second hypothesis also show that DER has a positive level of significance or a positive influence on CSR, which is in line with the research of Liu et al. (2021) and Holzmayer & Schmidt (2020). This can be interpreted that the better the DER of a club, it will be followed by a good level of CSR as well. In connection with the club's debt to develop the club, most of the results of the ball club's debt are to bring in quality players, and when the player achieves, it will bring benefits to the club. Quality players also make the club's image better and easier to get loans because the good image is coupled with CSR activities held by the club with these star players making the club's image even better. A high DER indicates that the football club uses more debt-based funding to support their operations. Based on agency theory, although high debt levels can increase the risk of conflict. By implementing CSR, management signals that they cara about the sustainability and social responsibility of the club, thereby increasing creditor confidence in management's ability to manage debt. From a signaling theory perspective, the implementation of CSR by clubs with high DER can be seen as an attempt to show creditors, sponsors, and other stakeholders that the club has a long-term commitment to sustainability, even though they have a more debt-based capital structure. By increasing CSR activities, clubs can maintain a positive reputation and build the trust necessary to maintain access to future funding.

The results of testing the third hypothesis between the Current Ratio (CR) variable and CSR show insignificant results. This can be seen from the resulting t-count value of 0.427 which is smaller than the t-table of 1.660. This indicates that there is no relationship between the club's ability to pay off short-term debt and CSR activities. These results contradict the results of previous research conducted by Abbas (2023) and Nurcan & Erdo (2016). Due to the variety of data values in the CR, especially in the English Football League Championship club which has a high CR value but is not directly proportional to the club's CSR value which tends to be low. The league operator factor also plays a role here. The English Football League Championship operator which is separate from the premier league causes some differences in policies regarding CSR. The absence of a significant effect of CR on CSR suggests that short-term liquidity is not a major factor in decision-making regarding social responsibility. Based on agency theory, club management is more focused on long-term financial performance rather than short-term liquidity in supporting CSR. CSR in seen as a strategic investment to build long-term relationships with stakeholders, the benefits of which do not necessarily depend on the current liquidity position. From a signaling theory perspective, a high level of liquidity does not provide a strong enough signal regarding the club's sustainability or ability to support CSR programs. Instead, stronger signals come from profitability and the stability of the capital structure. Therefore, clubs with high liquidity but without a clear CSR strategy may not be able to capitalize on the reputational potential gained from social responsibility.

Conclusions and Recommendations

This study was conducted to determine the effect of Return on Assets, Debt Equity Ratio, and Current Ratio on Corporate Social Responsibility in English League clubs in the 2018-2021 period. The results showed that ROA and DER has a positive and significant effect on CSR, while CR has no significant effect on CSR. These findings suggest that football club with high levels of profitability (ROA) and well-managed capital structure (DER) tend to be more active in implementing CSR programs. High profitability provides financial flexibility for clubs to support social activities, while a healthy capital structure is an indicator of stakeholder confidence in the sustainability of club operations. On the other hand, the absence of CR's influence on CSR suggests that short-term liquidity is not the main determining factor in decision-making regarding CSR activities.

Based on these results, it is recommended that football club management continue to increase profitability through efficient asset management, so as to expand CSR programs that provide social benefits while improving the club's reputation. In addition, clubs with healthy capital structures need to capitalize on stakeholder trust to strengthen their commitment to CSR. However, management also needs to understand that short-term liquidity (CR) is not only priority in determining CSR policies, so CSR-related decisions should focus more on long-term sustainable financial strategies.

The implications of this study is that ROA and DER can be important indicators in designing effective CSR strategies for football clubs. The findings support agency theory and signaling theory, where better CSR implementation can reduce conflicts between management and stakeholders, while providing positive signals to the public and investors about the club's social commitment. Socially, increased CSR activities by football clubs can have a significant positive impact on society, strengthen the relationship between the club and its community, and improve the image of the football industry as an agent of social change.

Some factors that are limitations of this study are the absence of a standardized CSR measurement index regulated by authoritative organizations such as FIFA, UEFA, or GRI. The topic taken by the researcher is rarely researched so that the data, be it journals or financial reports that can be accessed and related to financial performance to CSR at the football club, is also limited.

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