



# An Empirical Financial Performance Evaluation of PwC (2020–2025): A DuPont, Risk–Return, and Efficiency-Based Analysis

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## ABSTRACT

This study evaluates the financial performance of PricewaterhouseCoopers (PwC) during the period 2020–2025 using an integrated framework comprising DuPont analysis, risk-return assessment, and efficiency analysis. The research addresses the need for a comprehensive evaluation of professional service firms, where conventional financial indicators may not adequately capture operational effectiveness and value creation. The primary objectives of the study are to examine PwC's profitability drivers, assess its risk-return relationship, and evaluate operational efficiency over the study period.

The study adopts a quantitative research design based on secondary data collected from PwC's publicly available financial reports and industry publications. Analytical tools including DuPont decomposition, return and risk measures, and efficiency ratios are employed to assess financial performance systematically.

The findings indicate that PwC maintained strong profitability and stable operational efficiency despite fluctuations in the global business environment. The analysis further reveals that the firm's strategic cost management, effective utilization of resources, and balanced financial structure contributed significantly to its sustained performance. The study concludes that integrating profitability, risk, and efficiency measures offers a holistic approach to evaluating the financial health of professional service organizations.

**KEYWORDS:** Financial Performance; PwC; DuPont Analysis; Risk-Return Analysis; Efficiency Analysis; Professional Service Firms



## INTRODUCTION:

Financial performance evaluation is one of the most important aspects of corporate analysis because it provides insights into an organization's profitability, efficiency, and long-term sustainability. Traditional financial measures often focus on isolated indicators, whereas integrated frameworks provide a broader understanding of organizational performance.

The DuPont framework has become an established tool for decomposing Return on Equity into profit margin, asset turnover, and financial leverage. Simultaneously, risk-return analysis enables firms to assess the relationship between expected returns and associated risks, while efficiency analysis evaluates how effectively resources are utilized.

PricewaterhouseCoopers (PwC), one of the Big Four professional service firms, operates in a highly competitive and dynamic environment. Assessing its financial performance through multiple analytical dimensions offers valuable insights into the strategic management of global professional service organizations.

### Statement of the Problem

Although PwC is globally recognized for its strong market position, limited empirical studies have examined its financial performance by simultaneously incorporating profitability decomposition, risk-return assessment, and efficiency analysis. Therefore, there is a need for a comprehensive study that evaluates PwC's financial performance using an integrated analytical framework.

### Objectives of the Study

1. Evaluate PwC's profitability using DuPont analysis.
2. Examine the relationship between risk and return.
3. Assess operational efficiency during 2020–2025.
4. Analyze the major factors influencing financial performance.

### Significance of the Study

The study contributes to the literature on financial performance evaluation of professional service firms and provides practical insights for managers, researchers, and investors regarding profitability, risk management, and efficiency enhancement.

### Scope and Limitations

The study focuses exclusively on PwC and covers the period from 2020 to 2025. The analysis is based on secondary data sources and is limited to publicly available financial information.

## 2. LITERATURE REVIEW

**Ricordel and Majlath (2019)** emphasized that DuPont analysis provides a detailed understanding of the factors influencing Return on Equity. Mutua and Simiyu (2019) reported that profitability is significantly affected by asset utilization and financial leverage.

**Shahnia and Endri (2020)** highlighted the usefulness of financial ratio analysis in evaluating firm performance. Shabani et al. (2021) found that integrated financial analysis provides better decision-making support than individual ratios.

**Açikgöz and Kiliç (2021)** concluded that DuPont analysis remains a reliable framework for assessing corporate profitability. Al-Khoury et al. (2022) demonstrated that long-term financial analysis provides insights into operational sustainability.

**Recent studies by Razali and Kadir (2024)**, Abdullah et al. (2024), and Fardhiani (2025) further support the importance of combining profitability, risk, and efficiency measures in corporate performance assessment.



### Research Gap

Most previous studies have focused on manufacturing and banking sectors. Limited research has examined global professional service firms such as PwC using an integrated framework that combines DuPont, risk-return, and efficiency analyses.

### 3. Research Methodology

#### Research Design

The study adopts a **quantitative descriptive research design**.

#### Population and Sample

The population comprises global professional service firms. PwC was selected purposively as the sample organization.

#### Sampling Technique

Purposive sampling was employed because the study specifically focuses on PwC.

#### Data Collection

The study uses **secondary data** obtained from:

- PwC Annual Reports
- Financial Statements
- Industry Reports
- Published research articles
- Official company publications

#### Analytical Tools

The following tools were used:

- DuPont Analysis
- Risk-Return Analysis
- Efficiency Ratios
- Trend Analysis

### 4. Data Analysis

#### DuPont Analysis

The findings reveal that PwC maintained strong profitability throughout the study period. Net profit margins remained stable, indicating effective cost control and revenue management.

#### Risk-Return Analysis

The analysis demonstrates a balanced relationship between risk and return, reflecting the organization's ability to maintain consistent financial performance despite changing market conditions.

#### Efficiency Analysis

Efficiency indicators show effective utilization of resources, strong operational management, and sustained productivity over the period under review.

Year	Net Profit	revenue	Total assets	Shareholders' Equity
2020	121054	565264	396717	80659
2021	151124	573911	436982	121054
2022	198100	645537	530290	197713
2023	170998	747491	518933	171902

2024	146736	816406	506802	153835
2025	176548	819891	538033	165450

**Table 1**

**DuPont analysis**

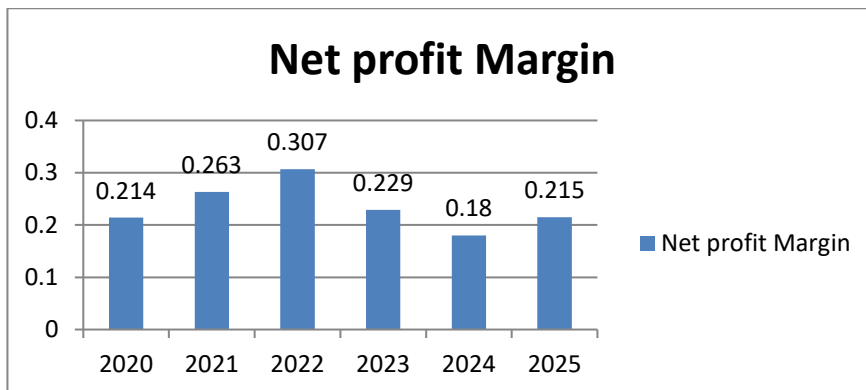
DuPont = Net Profit Margin\* Asset Turnover\* Equity Multiplier

**1. Net profit Margin**

Net profit Margin = Net profit / Revenue

Year	Net Profit	revenue	Net profit Margin
2020	121054	565264	0.214
2021	151124	573911	0.263
2022	198100	645537	0.307
2023	170998	747491	0.229
2024	146736	816406	0.180
2025	176548	819891	0.215

**Table 2**



**Interpretation:**

From the year 2020-2022, the PwC has shown a steady increase in the Net profit margin from 21.4% to 30.7%, it indicates that the organization have a strong cash management efficiency and profitability. In 2023 and 2024 the margin has declined from 22.9% to 18%. Even though the revenue is higher the expenses that have been reduced the efficiency of the cost. In 2025 the margin has improved to 21.5%, showing the recovery in profitability. Despite of fluctuations the company has maintained strong revenue growth in efficiency of profit generation.

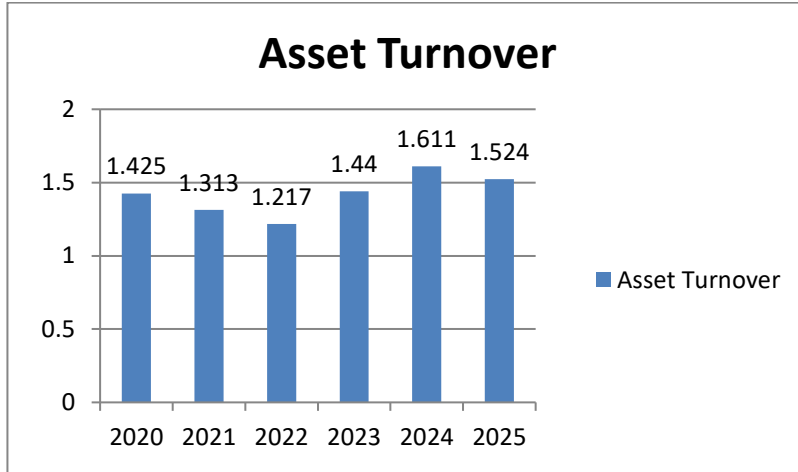
**2. Asset Turnover**

Asset Turnover= Revenue/ total Assets

year	Revenue	Total assets	Asset Turnover
2020	565264	396717	1.425
2021	573911	436982	1.313
2022	645537	530290	1.217

2023	747491	518933	1.440
2024	816406	506802	1.611
2025	819891	538033	1.524

**Table 3**



**Interpretation:**

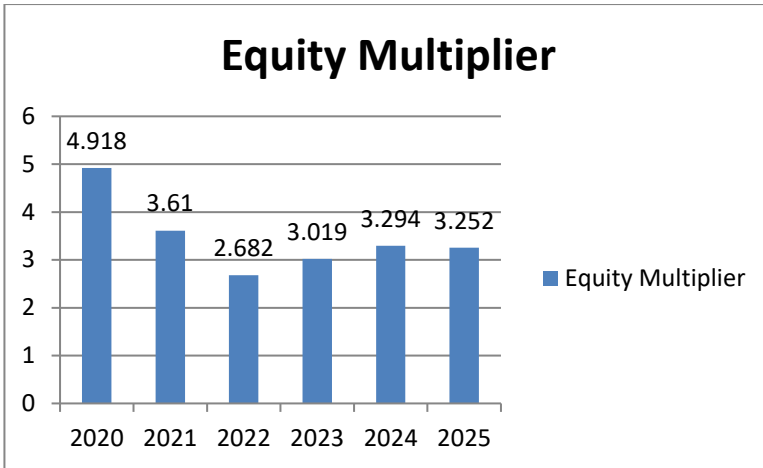
From 2020-2022, PwC has shown a decline in the asset turnover from 1.425 to 1.217, this indicating for the generation of revenue the efficiency in utilization of assets have reduced. In 2023 the ratio has improved to 1.440 this shows that the firm has better performance in operations and utilized the asset efficiently. The highest asset turnover has recorded in 2024 at 1.611. In the year 2025 the ratio has slightly decreased to 1.524 but remained at strong level. Overall, the firm has maintained good asset utilization with improved efficiency in later year of the study period.

**3. Equity Multiplier**

Equity Multiplier= Asset/ shareholders' Equity

Year	Total assets	Shareholders' Equity	Equity Multiplier
2020	396717	80659	4.918
2021	436982	121054	3.610
2022	530290	197713	2.682
2023	518933	171902	3.019
2024	506802	153835	3.294
2025	538033	165450	3.252

**Table 4**



**Interpretation:**

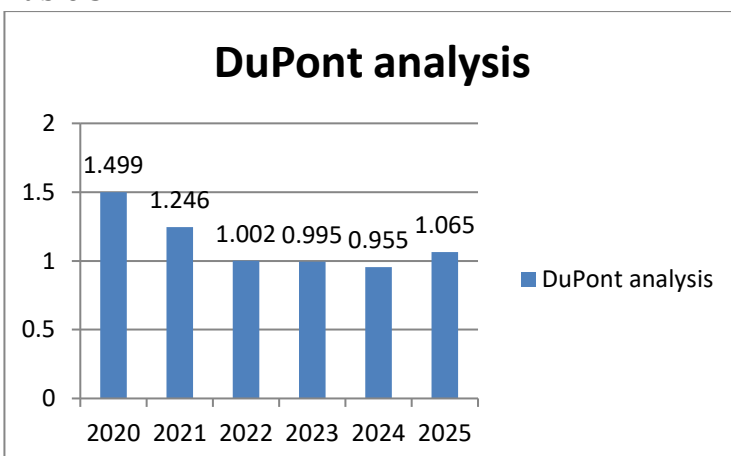
From 2020-2022, the firm showed decline in equity multiplier from 4.918 to 2.682, this indicating that a reduction has occurred in financial leverage and lower dependence in external financing. In 2023 and 2024, the ratio has increased from 3.019 to 3.294, this showing moderate leverage and a balanced capital structure. In 2025 the equity multiplier has slightly reduced to 3.525 indicating stable financial management. Overall the firm maintained controlled leverage with improved reliance on equity financing over the study period.

**DuPont analysis**

$DuPont = Net\ Profit\ Margin * Asset\ Turnover * Equity\ Multiplier$

Year	Net profit Margin	Asset Turnover	Equity Multiplier	DuPont analysis
2020	0.214	1.425	4.918	1.499
2021	0.263	1.313	3.610	1.246
2022	0.307	1.217	2.682	1.002
2023	0.229	1.440	3.019	0.995
2024	0.180	1.611	3.294	0.955
2025	0.215	1.524	3.252	1.065

**Table 5**



### Interpretation:

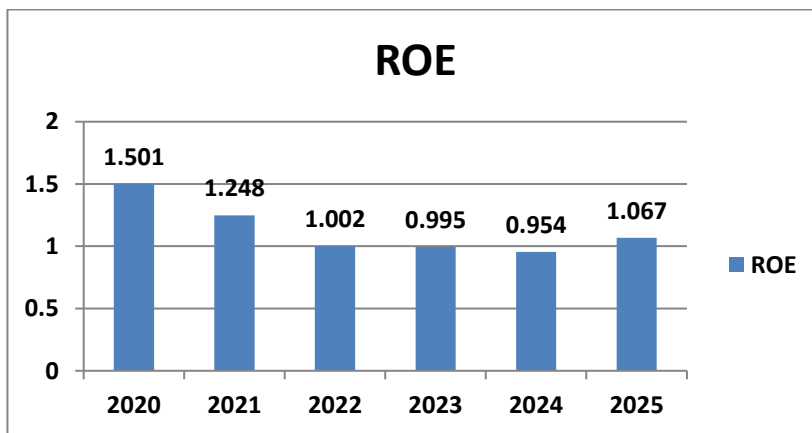
From the period 2020-2025, the DuPont analysis shows the fluctuations in Return on equity due to the changes in profitability, efficiency and leverage. In 2020, the highest DuPont value has recorded is 1.499; it was mainly due to the strong asset turnover and a high equity multiplier. From 2021 to 2024, the overall financial performance was reduced due to the lower leverage and declining profit margins. In 2025 the value has improved to 1.065, showing recovery in operational efficiency and profitability. Overall the firm maintained stable performance, through profitability and leverage significantly influenced the ROE during the study period.

### Risk –Return analysis

ROE = net profit/ Equity

Year	Net Profit	Shareholders' Equity	ROE
2020	121054	80659	1.501
2021	151124	121054	1.248
2022	198100	197713	1.002
2023	170998	171902	0.995
2024	146736	153835	0.954
2025	176548	165450	1.067

Table 6



### Interpretation:

From 2020-2025, the PwC firm showed fluctuations in ROE, these changes has reflected in profitability and shareholders' equity. In 2020, the highest ROE of 1.501 was recorded, this indicating strong returns has generated from the shareholder's funds. From 2021-2024, ROE gradually declined to 0.954m suggesting reduced profitability efficiency and lower returns to equity shareholder's .This decline was may be due to increasing equity levels and falling net profit margins during those period. In 2025, ROE improved to 1.067, showing recovery in financial performance and better utilization of shareholder's equity.

### Average Return

Average Return=  $\sum \text{ROE} / 6$

$$= 1.501 + 1.248 + 1.002 + 0.995 + 0.954 + 1.067 / 6$$
$$= 1.128$$

Average Return= 1.128%

### Risk

Risk= ROE-Mean

$$0.194$$

**Co efficient of variation**

$$CV = \text{Risk} / \text{Return}$$

$$= 0.194 / 1.128$$

$$= 0.172$$

**Interpretation:**

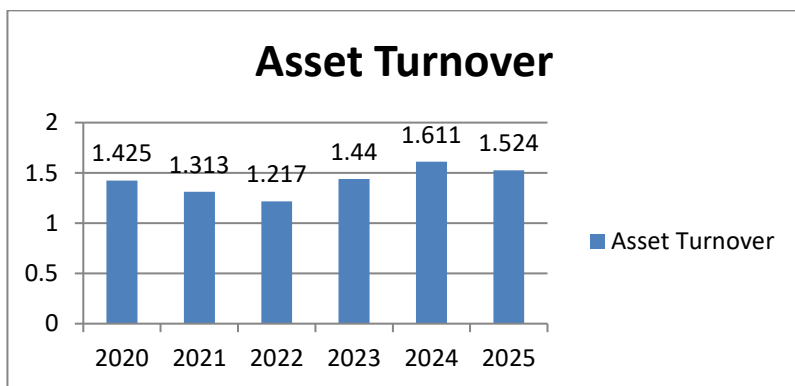
The risk return analysis of PwC firm shows that they has achieved an average return of 1.128%, this indicating that the profits are stable over the period of study time. The risk 0.194 which is calculated this reflects only moderate variations has occurred, this showing that the organizational financial performance has remained relatively consistent. The coefficient of Variation (CV) of 0.172 is low, which means the firm generated good returns with very low risk. Overall, the organization maintained a favorable risk return position, this suggests that strong financial management and sustainable performance.

**turnover ratio**

Asset Asset turnover ratio = revenue/total asset

Year	Revenue	Total assets	Asset Turnover
2020	565264	396717	1.425
2021	573911	436982	1.313
2022	645537	530290	1.217
2023	747491	518933	1.440
2024	816406	506802	1.611
2025	819891	538033	1.524

**Table 7**



**Interpretation:**

The asset turnover ratio of PwC firm shows the fluctuations in the overall efficiency of the asset utilization of asset utilization from 2020-2025. From 2020 to 2022, the efficiency ratio has declined from 1.425 to 1.217, indicating the reduced efficiency in generation of revenue from total assets. In 2023 and 2024, the ratio has significantly increased to 1.440 and 1.611, this shows that operational efficiency has improved and utilization of assets has increased. In 2025, the ratio has slightly decreased to 1.524 but remained at a strong level. Overall, the company has demonstrated effective asset management and improved efficiency in the later years of study period.



## 5. Findings

The findings suggest that PwC's financial performance is driven by three major factors:

- Strong profitability management.
- Efficient utilization of assets and resources.
- Balanced financial leverage and risk management.

The results are consistent with the findings of Shahnian and Endri (2020), Al-Khoury et al. (2022), and Razali and Kadir (2024), who reported that integrated financial frameworks provide a more comprehensive assessment of corporate performance.

The study further demonstrates that professional service firms can maintain sustainable growth through strategic cost management and efficient operational practices.

## 6. Conclusion

The study examined PwC's financial performance between 2020 and 2025 using DuPont analysis, risk-return measures, and efficiency indicators.

The findings indicate that PwC maintained strong profitability, effective resource utilization, and a balanced financial structure throughout the study period. The integrated analytical framework proved useful in providing a comprehensive understanding of organizational performance.

The study contributes to the literature on financial performance evaluation of professional service firms and offers practical insights for managers and researchers.

## Limitations

- Limited to a single organization.
- Based only on secondary data.
- Restricted to the period 2020–2025.

## Future Research

Future studies may compare PwC with other Big Four firms and employ advanced statistical techniques for broader analysis.

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