

# The Impact of Revenue Sharing on Club Objectives in Professional Sports <sup>\*</sup>

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## Abstract

This paper presents an  $n$ -club sporting contest model in which each club consists of an owner and its manager. It is demonstrated that sports clubs behave as if utility maximizers, while keeping the profit maximizing objectives at the level of owners. It is also demonstrated that revenue sharing arrangements by the leagues play an essential role in the club objectives. The results imply that club objectives and revenue sharing arrangements are endogenous.

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