

LIV Golf and the Business of Disruption: A Strategic Case on Capital, Legitimacy, and Ecosystem Governance in Professional Golf

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LIV Golf disrupted professional golf by combining Saudi Public Investment Fund capital with guaranteed player contracts, team-based competition, global events, and experimental media strategies. This case places students in the position of PGA Tour Commissioner Jay Monahan following the June 2023 framework agreement among the PGA Tour, DP World Tour, and the Public Investment Fund. The central managerial dilemma concerns how an incumbent organization should respond when a capital-intensive challenger threatens established governance structures, labor relationships, and commercial models while simultaneously generating legitimacy and reputational concerns. Strategic alternatives include continued competition, negotiated integration, selective adoption of challenger practices, or broader redesign of the incumbent's governance and incentive system. Subsequent developments—including LIV Golf's Fox Sports distribution partnership and its transition to 72-hole events for the 2026 season—demonstrate how challengers and incumbents often converge following periods of disruption. The case is designed to support classroom discussion of resource-based competition, legitimacy, stakeholder risk, platform ecosystems, institutional convergence, and governance redesign in prestige-based sport industries. Drawing on resource-based view, legitimacy theory, platform ecosystem theory, and institutional theory, the case enables students to evaluate how capital, reputation, stakeholder alignment, and governance interact in a rapidly changing sport business environment. The case is suitable for MBA, executive MBA, graduate, and advanced undergraduate courses in strategic management, sport management, platform strategy, global business, and stakeholder management.

Key Words: business model, disruption, ecosystem governance, legitimacy, LIV Golf, PGA Tour, sports-washing

I. Introduction

In June 2023, PGA Tour Commissioner Jay

Monahan faced a decision that would have seemed implausible only a year earlier. After publicly contesting LIV Golf, a Saudi Public Investment Fund (PIF) backed chal-

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lenger that had recruited prominent players and triggered litigation, the PGA Tour announced a framework agreement with the DP World Tour and PIF to create a new for-profit commercial entity and end pending litigation (PGA TOUR et al., 2023). The announcement did not settle every operating detail. It did, however, reveal that a challenger with contested legitimacy and exceptional capital could force a dominant sport organization to reconsider its governance, ownership logic, player incentives, and media strategy.

This case treats LIV Golf as a business-model and legitimacy shock rather than only as a golf controversy. LIV's official positioning emphasized a modernized global league,

team competition, no cuts, shotgun starts, and a promise to attract new audiences (LIV Golf, 2026a). In 2025 and 2026, the league adjusted parts of that model: it secured a Fox Sports distribution relationship, announced a move to 72-hole regular-season events, expanded its field, changed relegation and points structures, and increased team-retained prize funding (Ferguson, 2025; LIV Golf, 2025, 2026b). These changes make the case useful because they show both disruption and convergence. LIV pushed professional golf away from a settled equilibrium, while the pressure of legitimacy, ranking pathways, media distribution, and competitive credibility pulled LIV closer to

〈Table 1〉 Business-Model Comparison Between PGA Tour and LIV Golf

Dimension	PGA Tour incumbent model	LIV Golf challenger model
Core resource base	History, tournament network, sponsor relationships, media distribution, ranking pathways, and charitable/community identity	PIF-backed capital, guaranteed player contracts, global event ambition, team format, and willingness to redesign golf presentation
Player value proposition	Prestige, legacy, established competition pathways, purses, sponsor exposure, and career continuity	Guaranteed economics, team affiliation, global travel, shorter original format, and challenger identity
Fan product	Tournament tradition, individual star narratives, established calendar, and weekend broadcast rhythm	Team identities, shotgun starts, entertainment-oriented events, no-cut positioning, and later 72-hole convergence
Governance logic	Incumbent tour association with later move toward PGA Tour Enterprises and player equity	League-centered commercial model with team incentives and centralized format control
Main vulnerability	Rising cost of player retention and pressure to modernize commercial governance	Legitimacy deficit, uncertain media economics, ranking/major access issues, and dependence on continued capital support

incumbent conventions.

The central managerial question is this: What should an incumbent do when a new entrant challenges its economic model with resources that are difficult to match, while also carrying reputational and political risks that stakeholders cannot ignore? The PGA Tour's inherited resources included history, tournament relationships, sponsors, media partnerships, charitable identity, and access to established competitive pathways. LIV's resources included patient capital, guaranteed contracts, a global event concept, a team-franchise narrative, and a willingness to redesign the spectator product. Table 1 summarizes the contrast.

The case therefore contributes to classroom discussion in four ways. First, it illustrates how resource asymmetry can disrupt a prestige-based industry even when the challenger lacks the incumbent's legitimacy. Second, it links sportswashing and stakeholder criticism to strategic risk rather than treating them as external political commentary. Third, it shows how platform and ecosystem logics apply to sport properties that connect players, teams, tournaments, sponsors, broadcasters, regulators, and fans. Fourth, it asks students to design responses under uncertainty, because the relevant financial and regulatory details were incomplete at the moment of decision.

II. Professional Golf the Shock

Before LIV Golf, elite men's professional golf operated through a layered ecosystem rather than a single league in the manner of many team sports. The PGA Tour controlled a major tournament platform in North America. The DP World Tour provided a European and global complement. Major championships, world-ranking systems, sponsors, television networks, equipment companies, host communities, and charitable tournament organizations formed additional layers. This system produced stability, but also fragmentation. Players were independent contractors rather than employees. Fans followed individual stars more than fixed teams. Tournaments carried local identities. Media partners and sponsors benefited from continuity, but the product was often slow, weekend-centric, and dependent on whether marquee players appeared together.

From a resource-based perspective, the PGA Tour's advantage was not one asset but a bundle of complementary assets. Its brand, schedule, sponsor relationships, broadcast reach, tournament operations, and player pathways were valuable because they reinforced one another (Barney, 1991; Teece, 1986). The Tour's charitable and community identity also supported legitimacy with host cities and corporate partners. These assets were difficult for a start-up league to reproduce quickly.

Yet the same structure created openings. A player-centered market meant that a challenger could weaken the incumbent by recruiting stars directly. A tournament calendar built around individual events left room for a team-based product. A prestige-based system depended on rankings and major-championship access, but the ranking system also became a pressure point when LIV's format did not initially fit conventional criteria. A global entertainment market gave investors reason to believe that a shorter, louder, team-based golf product might attract viewers underserved by traditional presentation.

These conditions are consistent with platform and ecosystem theory. Platforms depend on multiple participant groups whose choices are interdependent (Rochet & Tirole, 2003). Ecosystems require alignment among actors who contribute different pieces of the value proposition (Adner, 2017; Jacobides et al., 2018; Kim et al., 2014). Professional golf is such an ecosystem: no single actor can create value without players, sponsors, tournaments, media partners, ranking bodies, and fans. LIV's entry mattered because it targeted several sides of the ecosystem at once.

III. LIV Golf's Challenger Model

LIV Golf's challenger model combined capital substitution with product experimenta-

tion. The most visible element was player recruitment. Rather than relying primarily on tournament purses and tradition, LIV offered guaranteed contracts to attract players. The business implication was direct: the incumbent's ability to rely on prestige and established pathways weakened once players could monetize their labor through a rival format. In institutional terms, the challenge was not only economic but symbolic. Nite et al. (2024) show how PGA-affiliated actors used emotional and legitimacy-laden discourse to defend the incumbent conception of professional golf against LIV's disruption.

The product also differed. LIV positioned itself as a global league with team identities, shotgun starts, no cuts, and a fan experience built around entertainment as well as competition (LIV Golf, 2026a). Its team concept sought to create franchise-like assets in a sport where most fan loyalty historically attached to individual players and tournaments. This business-model move resembles value creation through novelty and complementarity (Amit & Zott, 2001; Park et al., 2014). Teams could create sponsor inventory, merchandise, storylines, and potentially enterprise value beyond individual tournament results. They also created managerial challenges: without established local fan bases, a team format can look artificial until repeated narratives and rivalries develop.

The media strategy was another test. LIV initially struggled to achieve the distribution and audience legitimacy associated with ma-

major incumbent sports properties. Its 2025 Fox Sports deal gave it a network partner, although the Associated Press reported that terms were not announced and it was unclear whether Fox paid a traditional rights fee (Ferguson, 2025). For managers, this distinction matters. Distribution can create visibility, but rights-fee economics signal market validation. A challenger may need to buy, subsidize, or share production risk before it earns the economics of a mature sports property.

LIV's 2026 format changes show a second-stage strategic adjustment. The league announced that regular-season events would move from 54 holes to 72 holes while retaining team and individual competition and shotgun starts (LIV Golf, 2025). It also announced a 57-player field, revised relegation zones, updated points, and enhanced team incentives, including an official claim of a \$470 million 2026 individual and team purse pool (LIV Golf, 2026b). Because LIV's full financial structure is not publicly audited in the same way as a listed firm, this figure should be treated as an announced league commitment rather than independent evidence of long-run unit economics. The changes can be read in two ways. They may strengthen competitive credibility by moving closer to globally familiar tournament norms. They may also dilute the original distinction implied by the LIV name and 54-hole identity. The strategic question is whether convergence represents maturity or loss of differentiation.

LIV Golf's movement toward more established competitive conventions can also be interpreted through institutional theory. DiMaggio and Powell's (1983) concept of institutional isomorphism suggests that organizations operating within the same field gradually become more similar as they seek legitimacy, stakeholder acceptance, and stable access to resources. In this context, LIV Golf's adoption of 72-hole events and pursuit of mainstream media distribution reflect pressures to conform to institutional expectations held by broadcasters, ranking systems, sponsors, and fans. Simultaneously, the PGA Tour's movement toward player equity participation and commercial restructuring demonstrates reciprocal adaptation by the incumbent. The result is not simple replacement, but a process of strategic convergence and hybridization between challenger and incumbent governance models.

IV. Legitimacy, Sportswashing, and Stakeholder Risk

LIV Golf's biggest challenge was not product design alone. It was legitimacy. Academic work on LIV has connected the league to Saudi Arabia's broader use of sport for soft power, public relations, and legitimacy-building (Davis et al., 2022; Taylor et al., 2023). The term sportswashing is contested, but it captures a business-relevant concern:

investment in sport can create reputational benefits for states or organizations while shifting public attention from human-rights criticism or political controversy (Fruh et al., 2023; Grix et al., 2025). For firms, sponsors, broadcasters, and incumbent leagues, this becomes a stakeholder-risk problem.

Legitimacy theory is helpful because it distinguishes technical performance from social acceptance. Organizations survive not only by producing efficient outputs but also by being perceived as appropriate within a system of norms, values, and beliefs (Suchman, 1995). LIV could pay players and stage tournaments, but legitimacy had to be earned from fans, sponsors, ranking bodies, media

partners, major championships, host communities, and incumbent institutions. Johnson's survey experiment found that exposure to sportswashing claims worsened respondents' assessments of LIV's institutional reputation and position in the sport and media marketplace (Johnson, 2024). That evidence does not mean every fan rejected LIV; it does indicate that legitimacy controversies can affect consumer and media-market acceptance.

Incumbents also face legitimacy traps. Before June 2023, the PGA Tour could frame itself as defending tradition and the game. After announcing a framework agreement with PIF, the Tour had to explain why partnership was consistent with its earlier

〈Table 2〉 Stakeholder Interests and Risks in the PGA/LIV/PIF Conflict

Stakeholder	Primary interest	Strategic risk
PGA Tour leadership	Preserve control, player quality, sponsor confidence, and global relevance	Losing players, overpaying to retain talent, damaging legitimacy through reversal or partnership choices
LIV Golf and PIF	Build a credible global golf property and gain standing in elite sport	Continued legitimacy disputes, weak media economics, uncertain ranking pathways, and dependence on official acceptance
Players	Maximize earnings, career optionality, competitive credibility, and major access	Contract lock-in, ranking consequences, reputational criticism, or exclusion from incumbent pathways
Sponsors and broadcasters	Reach attractive audiences with manageable brand risk	Audience fragmentation, political controversy, uncertain rights value, and inconsistent star participation
Fans and host communities	See meaningful competition, recognizable stars, and credible events	Confusing schedules, diluted fields, weaker tradition, or backlash against perceived hypocrisy
Regulators and governance bodies	Protect competitive markets and credible sport governance	Antitrust concerns, opaque ownership, and unresolved authority over professional golf's structure

position. Oliver (1991) describes how organizations respond strategically to institutional pressures, ranging from acquiescence to compromise, avoidance, defiance, and manipulation. The PGA Tour's shift can be interpreted as compromise under economic and legal pressure: the Tour sought to retain control while accepting a path toward PIF-linked capital and commercial restructuring.

Table 2 maps the stakeholder tensions. Players wanted compensation, career access, and competitive legitimacy. Sponsors wanted to reach without excessive reputational risk. Broadcasters wanted audience value. Fans wanted meaningful competition and recognizable stars. Regulators were concerned with antitrust and governance implications. PIF wanted a seat within global golf and broader sport legitimacy. The PGA Tour needed to protect its authority while absorbing the lesson that the old player bargain was no longer secure.

V. Framework Agreement and The Incumbent's Dilemma

The June 2023 announcement stated that the PGA Tour, DP World Tour, and PIF had agreed to combine PIF's golf-related commercial businesses and rights, including LIV Golf, with the commercial businesses and rights of the PGA Tour and DP World Tour into a new collectively owned for-profit en-

tity (PGA TOUR, et al. 2023). The release also emphasized ending litigation and growing the game globally. Public reporting and later oversight materials showed that many operational details remained unsettled (U.S. Senate Permanent Subcommittee on Investigations, 2023). The case decision should therefore not be framed as a completed merger with known economics. It should be framed as a strategic commitment under uncertainty.

For the PGA Tour, the options were unattractive in different ways. Continuing to compete meant preserving independence but risking further player defections, rising purses, legal costs, and fragmented fan attention. Integrating with PIF-linked assets could reduce litigation and secure capital, but it created reputational backlash and internal trust problems. Selective co-optation, such as adopting elements of team competition or changing player incentives without full integration, might protect legitimacy but could be too slow if capital competition continued. Table 3 presents these choices.

The PGA Tour's 2024 creation of PGA Tour Enterprises with Strategic Sports Group clarified part of the adaptation. The Tour announced a new commercial venture under PGA Tour control, an initial SSG investment of \$1.5 billion with potential investment up to \$3 billion, and a player equity program giving nearly 200 PGA Tour members access to over \$1.5 billion in equity grants vesting over time (PGA TOUR, 2024). These were announced investment and equi-

〈Table 3〉 Strategic Options After the June 2023 Framework Agreement

Option	Economic logic	Legitimacy and execution risk
Compete independently	Preserve identity and force LIV to prove durable economics	Higher player costs, litigation risk, and continued field fragmentation
Negotiate integration	End litigation, access capital, reunify parts of the ecosystem	Stakeholder backlash, regulatory review, and trust loss among loyal players
Selective co-optation	Adopt useful challenger features while limiting reputational exposure	May be too slow or underfunded if player-market pressure continues
Hybrid redesign	Build PGA Tour Enterprises, align player equity, and keep optionality on PIF	Complex governance, investor coordination, and unresolved public narrative

ty-grant terms, not a complete public audit of PGA Tour Enterprises' economics. The same release noted that future PIF co-investment remained possible subject to regulatory approvals. This is a major business-model change. The incumbent moved from a traditional tour association model toward a commercial enterprise with investor capital and player ownership incentives.

This response can be read through resource-based and ecosystem lenses. The PGA Tour sought to protect its distinctive resources while adding capital and incentive mechanisms that LIV had made salient. It did not simply imitate LIV. It used its control of the incumbent platform to design a different ownership and alignment mechanism. The player equity program addressed the labor-market issue by making top players more invested in the incumbent's commercial growth. SSG brought sports, media, and entertainment expertise. The unresolved

PIF dimension preserved optionality but also maintained stakeholder uncertainty.

VI. Business Implications

Public data do not allow a full valuation of LIV Golf, PGA Tour Enterprises, or a possible PGA/PIF commercial combination. However, a small set of announced figures can discipline the classroom discussion if they are treated as indicators rather than audited economics. Table 4 summarizes the calculations.

The first pattern is purse concentration. LIV's announced 2026 pool of \$470 million across a 14-event season implies about \$33.6 million per event and about \$589,000 per field slot per event before distribution details and team components are considered (LIV Golf, 2026b). That figure should not be read as expected player compensation,

〈Table 4〉 Selected Quantitative Indicators for Classroom Data Analysis

Indicator	Source input	Derived teaching interpretation
LIV purse intensity	\$470 million in individual and team purses across a 14-event season with a 57-player field	\$33.6 million per event and about \$589,000 per field slot per event; a purse-intensity proxy, not expected player compensation
LIV team-incentive scale	Weekly team prize payouts doubled from \$5 million to \$10 million, plus a new \$2.3 million per-event podium-player pool	\$70 million in added team-payout capacity over 14 events relative to the prior weekly baseline, plus \$32.2 million in podium-player pool funding
PGA Tour event benchmark	35 official FedExCup regular-season events, eight Signature Events, and examples of \$20 million Signature Event purses	LIV's implied \$33.6 million per-event purse is about 1.68 times a \$20 million Signature Event purse benchmark, but the funding models are not equivalent
PGA Tour capital response	\$1.5 billion initial SSG investment and more than \$1.5 billion in player equity grants	Illustrative scale comparison: each figure is more than 3.19 times LIV's announced 2026 purse pool, but this is not a direct financial ratio
LIV performance-zone structure	Lock Zone positions 1 - 34, Open Zone positions 35 - 46, and Drop Zone positions 47 - 57 in a 57-player field	Approximately 59.6%, 21.1%, and 19.3% of the field, respectively; capital intensity is paired with stronger internal performance discipline

Note. Calculations use announced figures from LIV Golf, PGA Tour schedule materials, the PGA Tour 2026 Media Guide, and the PGA Tour Enterprises/SSG release (LIV Golf 2026b; PGA TOUR 2025, 2026, 2024). Dollar figures are nominal and rounded. Organization-announced commitments are not treated as audited valuation, revenue, or profitability evidence.

but it does show why LIV changed the labor-market reference point. A PGA Tour benchmark is a \$20 million Signature Event purse, while the 2026 PGA Tour schedule includes 35 official FedExCup regular-season events and eight Signature Events (PGA TOUR, 2025, 2026). The comparison is intentionally imperfect: LIV's purse commitments are PIF-backed league commitments, while PGA Tour purses sit inside a broader tournament, sponsor, media, and membership system. The strategic point is that LIV concentrated a very large reward

pool into fewer events and a smaller field, thereby increasing pressure on the incumbent's player bargain.

The second pattern is incentive redesign. LIV's 2026 update doubled weekly team prize payouts from \$5 million to \$10 million, added a \$2.3 million per-event prize pool for individual performances within podium-finishing teams, and put all 13 teams into weekly prize-money positions (LIV Golf, 2026b). Across 14 events, those two team-related announcements imply \$70 million in additional weekly team-payout ca-

capacity relative to the prior \$5 million baseline and \$32.2 million in the new podium-player pool. The PGA Tour's response did not simply match purses. Its SSG transaction announced \$1.5 billion of initial commercial investment and more than \$1.5 billion in player equity grants, each more than three times LIV's announced 2026 purse pool (PGA TOUR, 2024). This is an illustrative measure of scale, not a direct financial ratio, because long-term capital investment and player equity grants are not the same as single-season cash purses. The magnitude nevertheless shows why the incumbent response is better interpreted as governance and incentive redesign than as tournament-by-tournament purse imitation.

The first implication is that capital can substitute for legitimacy in the short run but not fully replace it. LIV demonstrated that enough capital can attract talent, gain attention, and force an incumbent response. But legitimacy remains necessary for media economics, sponsor comfort, ranking credibility, and long-term fan adoption. This distinction is important for managers in other prestige-based industries such as education, luxury, cultural events, and professional services. A challenger may buy entry, but the market still asks whether the new actor belongs.

The second implication is that incumbents should identify which resources are truly defensible. The PGA Tour had history and institutional authority, but some of its play-

er relationships were less secure than the Tour may have assumed. When a rival changed the compensation frontier, loyalty and tradition became insufficient for some players. Barney's resource-based logic requires that resources be valuable, rare, difficult to imitate, and organized for capture (Barney, 1991). LIV showed that some resources that looked secure were vulnerable when player labor could move.

The third implication is that business-model innovation can occur around governance, not only around customer product. LIV's team model, guaranteed contracts, global calendar, and fan-entertainment framing were visible innovations. Yet the deeper disruption concerned who controlled the sport's commercial surplus and how players participated in it. The PGA Tour Enterprises response confirms this point: the incumbent changed ownership and incentive architecture, not only event presentation (PGA TOUR, 2024).

The fourth implication is that platform and ecosystem strategy must include nonmarket stakeholders. Professional golf links players, events, sponsors, media firms, ranking bodies, regulators, host communities, and fans. A strategy that maximizes one side can destabilize another. Large, guaranteed contracts can attract players but anger incumbent loyalists. Team formats can create new sponsor inventory but confuse traditional fans. PIF-linked capital can solve funding constraints but trigger sportswashing concerns. Ecosystem strategy therefore re-

quires alignment across commercial, institutional, and reputational dimensions (Adner, 2017; Jacobides et al., 2018).

The fifth implication is that convergence after disruption should be expected. LIV's move to 72 holes suggests that challengers may adopt incumbent conventions to gain legitimacy, ranking credibility, or broader fan acceptance (LIV Golf, 2025). At the same time, the PGA Tour's commercial restructuring and player equity program suggest that incumbents may adopt challenger lessons about incentives and entertainment economics. The resulting industry may not belong entirely to either model. It may become a hybrid: incumbent legitimacy combined with new capital structures, player participation, and product experimentation.

From an institutional perspective, this convergence reflects the tendency of competing organizations within the same field to gradually adopt similar structures and practices in response to legitimacy pressures, stakeholder expectations, and competitive uncertainty. Rather than preserving purely distinct models, both LIV Golf and the PGA Tour increasingly adapted elements of each other's governance and incentive systems.

VII. Conclusion

LIV Golf's business significance lies in how quickly it changed the strategic conversation

in professional golf. It revealed that the PGA Tour's incumbent resources were powerful but not invulnerable. It showed that a challenger may use capital to enter a legitimacy-protected field, pressure player labor markets, and force governance change. It also showed that legitimacy, media economics, regulatory scrutiny, and stakeholder trust constrain how far capital alone can go.

For managers, the case is less about choosing sides in a golf dispute than about diagnosing a recurring strategic pattern. A dominant organization faces a challenger with a different resource base and a controversial source of advantage. The incumbent can defend tradition, compete financially, integrate the challenger, or redesign the ecosystem. Each option carries economic and legitimacy costs. LIV Golf and the PGA Tour demonstrate that the hardest strategic decisions arise when the economically rational path is not obviously legitimate, and the legitimate path may not be economically sustainable.

Subsequent developments further reinforce the case's central themes of strategic uncertainty and ecosystem instability. Ongoing questions surrounding player retention, competitive alignment, and the long-term sustainability of PIF-backed financing have continued to shape debate regarding LIV Golf's future trajectory and the evolving structure of professional golf. These developments extend the classroom discussion beyond initial disruption and toward the

managerial challenges of maintaining legitimacy, financial commitment, stakeholder cohesion, and strategic differentiation after market entry. The evolving LIV-PGA relationship illustrates that convergence between incumbents and challengers may reduce some forms of conflict while simultaneously generating new governance, incentive, and sustainability tensions.

Since LIV Golf, PIF, and related commercial entities operate through privately governed structures, some financial arrangements, negotiations, and contractual details remain undisclosed or only partially reported in public sources. Accordingly, this teaching case relies on publicly available organizational announcements, media reports, and secondary academic sources rather than independently audited transaction-level evidence. The analysis is intended to support classroom discussion and strategic reasoning rather than provide definitive financial or legal conclusions. Future negotiations, regulatory developments, or undisclosed agreements may alter the competitive dynamics described in the case.

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LIV 골프와 프로 골프 산업의 질서 재편: 자본, 정당성, 그리고 생태계 거버넌스에 관한 전략적 사례연구

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요 약

LIV 골프는 사우디아라비아 국부펀드(Public Investment Fund)의 막대한 자본을 기반으로 보장 계약, 팀 중심 경기 방식, 글로벌 투어 운영, 그리고 새로운 미디어 전략을 결합하며 프로 골프 산업의 기존 질서에 도전하였다. 본 사례는 2023년 6월 PGA 투어(PGA Tour), DP 월드 투어(DP World Tour), 그리고 PIF 간 프레임워크 합의 이후 PGA 투어 커미셔너 제이 모너한(Jay Monahan)이 직면한 전략적 딜레마를 중심으로 전개된다. 핵심 질문은 정당성과 역사적 권위를 보유한 기존 조직이 압도적 자본력과 새로운 비즈니스 모델을 앞세운 도전자에 대해 어떠한 방식으로 대응해야 하는가에 있다. 구체적으로 PGA 투어는 독자 경쟁을 지속할 것인지, PIF와의 통합 및 협력을 선택할 것인지, LIV 모델의 일부 요소만 선택적으로 수용할 것인지, 혹은 자체적인 지배구조와 수익 배분 체계를 재설계할 것인지 결정해야 하는 상황에 놓여 있었다. 이후 LIV 골프의 Fox Sports 중계 계약과 2026년 72홀 체제 전환은 산업 내 경쟁이 단순한 대립을 넘어 기존 조직과 신규 진입자 간의 전략적 수렴(convergence)으로 이어질 수 있음을 보여준다. 본 사례는 자원기반관점(Resource-Based View), 정당성 이론(Legitimacy Theory), 플랫폼 생태계 이론(Platform Ecosystem Theory), 그리고 제도이론(Institutional Theory)을 활용하여 스포츠 산업에서의 파괴적 진입과 거버넌스 재설계 문제를 분석하도록 설계되었다. 특히 학생들은 자본 경쟁, 평판 리스크, 이해관계자 갈등, 그리고 제도적 압력에 따른 전략적 수렴 현상을 종합적으로 평가하게 된다. 또한 본 사례는 플랫폼 생태계 내에서 자본, 정당성, 미디어, 선수 노동시장, 그리고 이해관계자 관계가 어떻게 상호작용하는지를 분석함으로써 전략적 의사결정 역량을 함양하도록 돕는다. 본 사례는 MBA 및 경영대학원 수준의 전략경영, 스포츠경영, 플랫폼 전략, 글로벌 비즈니스, 이해관계자 관리, 그리고 기업 거버넌스 관련 과목에서 활용 가능하다.

주제어: LIV 골프, PGA 투어, 비즈니스 모델 혁신, 정당성, 플랫폼 생태계, 거버넌스, 스포츠위성

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〈Teaching Note〉

LIV Golf and the Business of Disruption: A Strategic Case on Capital, Legitimacy, and Ecosystem Governance in Professional Golf

Synopsis

This case examines LIV Golf's challenge to the PGA Tour and the strategic dilemma created by the June 2023 framework agreement among the PGA Tour, DP World Tour, and Saudi Arabia's Public Investment Fund. The case begins from a market structure in which the PGA Tour held powerful incumbent resources: history, tournament relationships, sponsor networks, media distribution, and player pathways. LIV Golf entered with a different resource base: sovereign wealth capital, guaranteed player contracts, team competition, a global event narrative, and a more entertainment-oriented format. The decision event asks how PGA Tour leadership should respond after the challenger altered player bargaining power and made the incumbent's economic model more costly to defend. The 2025-2026 updates, including LIV's Fox Sports distribution and move to 72-hole events, allow instructors to discuss whether the entrant and incumbent are converging toward a hybrid model.

Learning Objectives

1. Apply resource-based strategy to explain how incumbent assets can be valuable yet still vulnerable to a challenger with different resources.
2. Analyze legitimacy as a strategic constraint, especially when sportswashing claims affect fans, sponsors, media partners, regulators, and employees.
3. Evaluate business-model disruption in a multi-sided sport ecosystem that includes players, teams, sponsors, broadcasters, ranking bodies, host communities, and fans.
4. Compare strategic options available to an incumbent: defend, compete financially, integrate, partner, selectively imitate, or redesign governance.
5. Use source-backed quantitative indicators and a sensitivity-style calculation to separate economic upside from reputational, regulatory, and stakeholder costs.

Target Audience & Courses

The case is suitable for MBA, executive MBA, advanced undergraduate, and graduate classes. It fits strategic management, sport management, entertainment and media strategy, global business, business ethics, platform strategy, and stakeholder management. It can also be used in executive education sessions on how incumbents respond to nontraditional entrants with deep capital, contested legitimacy, and a willingness to redesign industry rules.

Theoretical Foundations

This teaching case is designed to support strategic analysis using four complementary theoretical perspectives: resource-based view (RBV), legitimacy theory, platform ecosystem theory, and institutional theory. Together, these frameworks help students analyze how incumbent organizations respond to disruptive entrants operating with different resource structures, governance logics, and stakeholder relationships.

1. Resource-Based View (RBV)

The resource-based view explains competitive advantage through valuable, rare, inimitable, and organizationally embedded

resources (Barney, 1991). Prior to LIV Golf's entry, the PGA Tour possessed a strong bundle of incumbent assets, including historical legitimacy, tournament relationships, sponsor networks, media distribution agreements, player-development pathways, and charitable identity. These resources created barriers to entry and reinforced the Tour's dominant position within professional golf.

However, the case also illustrates how resource advantages may become vulnerable when a challenger introduces an alternative resource configuration. LIV Golf used sovereign wealth capital and guaranteed player contracts to alter the labor-market economics of professional golf. Students are encouraged to evaluate which PGA Tour resources remained defensible and which became more vulnerable once player compensation and commercial incentives changed.

2. Legitimacy Theory

Legitimacy theory focuses on how organizations seek social acceptance within broader systems of norms, values, and stakeholder expectations (Suchman, 1995). Although LIV Golf possessed substantial financial resources, it faced persistent legitimacy challenges associated with sportswashing accusations, Saudi Arabia's geopolitical reputation, and skepticism from sponsors, fans, broadcasters, and governing institutions.

The case allows students to examine legitimacy not only as an ethical issue but al-

so as a strategic and economic constraint. Students can analyze how reputational concerns influence stakeholder behavior, media partnerships, regulatory responses, and long-term market acceptance. The case also highlights how legitimacy pressures affected the PGA Tour after it shifted from publicly opposing LIV Golf to negotiating with PIF-linked entities.

3. Platform Ecosystem Theory

Professional golf operates as a multi-sided ecosystem involving players, tournaments, sponsors, broadcasters, ranking organizations, host communities, regulators, and fans. Platform ecosystem theory emphasizes interdependence among these actors and the need for alignment across multiple stakeholder groups (Adner, 2017; Jacobides et al., 2018; Kim et al., 2014).

LIV Golf's entry disrupted several sides of the ecosystem simultaneously. The league targeted elite players through guaranteed contracts, introduced new media and entertainment formats for audiences, and challenged existing governance arrangements within professional golf. Students can use ecosystem theory to evaluate how strategic decisions affecting one stakeholder group may create instability or unintended consequences elsewhere in the system.

4. Institutional Theory and Strategic Convergence

Institutional theory helps explain why organizations within the same field often become increasingly similar over time as they respond to competitive pressures, stakeholder expectations, and legitimacy demands. DiMaggio and Powell's (1983) concept of institutional isomorphism is particularly useful for interpreting the convergence between LIV Golf and the PGA Tour.

Initially, LIV Golf differentiated itself through a shorter 54-hole format, team-based competition, and entertainment-oriented presentation. However, the league later adopted more traditional features, including 72-hole tournaments and mainstream broadcast partnerships. Simultaneously, the PGA Tour introduced player-equity mechanisms and commercial restructuring through PGA Tour Enterprises. Rather than maintaining entirely separate models, both organizations gradually adopted elements of each other's governance and incentive structures.

This framework enables students to understand disruption not only as competitive replacement but also as a process of hybridization and convergence within organizational fields.

Teaching Application

These theoretical frameworks are intentionally complementary rather than mutually exclusive. Instructors are encouraged to use the case to demonstrate how strategic problems often require simultaneous analysis of resources, legitimacy, stakeholder relationships, ecosystem coordination, and institutional pressures. The case is particularly useful for discussions of disruptive entry, governance redesign, stakeholder management, and strategic adaptation in prestige-based industries.

Discussion Questions

What were the strongest and weakest parts of LIV Golf’s challenger model?
Which PGA Tour resources were most de-

fensible, and which were more vulnerable than they appeared before LIV’s entry?
Was LIV Golf primarily a disruptive innovation, a resource-substitution strategy, a legitimacy-seeking project, or a platform/ecosystem play?
Should the PGA Tour have competed independently, integrated with PIF-linked assets, partnered selectively, or redesigned its own business model without PIF?
How should managers treat sportswashing accusations in strategic analysis: as ethical objections, stakeholder risks, market-positioning constraints, or all three?
What does LIV’s 2026 move to 72-hole events suggest about the durability of its original differentiation?
Using Table 4, which quantitative comparison best captures LIV’s strategic pressure on the PGA Tour, and which comparison is most vulnerable to apples-to-oranges interpretation?

〈Table A. 1〉 Discussion Flow

Stage	Focus	Key Question	Framework
Stage 1	Industry Structure	Why was the PGA Tour vulnerable despite incumbent dominance?	Resource-Based View
Stage 2	LIV’s Entry Strategy	How did capital substitute for legitimacy?	Legitimacy Theory
Stage 3	Stakeholder Conflict	Which stakeholders faced the greatest risk?	Stakeholder Analysis
Stage 4	Strategic Options	Which response option is most sustainable?	Ecosystem Strategy
Stage 5	Strategic Convergence	Why are LIV and PGA becoming more similar over time?	Institutional Theory

〈Table A. 2〉 80-Minute MBA Teaching Schedule

Time	Activity	Learning Goal
0-10 min	Opening discussion/poll	Surface assumptions about disruption and legitimacy
10-25 min	RBV analysis	Identify PGA Tour strengths and vulnerabilities
25-40 min	Legitimacy debate	Analyze sportswashing and stakeholder risk
40-55 min	Quantitative exercise using Table 4	Evaluate capital intensity and incentive redesign
55-70 min	Strategic recommendation discussion	Compare strategic response options
70-80 min	Wrap-up and convergence discussion	Connect disruption to institutional convergence

〈Table A. 3〉 Suggested Evaluation Criteria

Criterion	Weight
Strategic analysis quality	30%
Application of theory	25%
Stakeholder reasoning	20%
Quantitative interpretation	15%
Participation and discussion contribution	10%

Case Analyses & Key Concepts

Instructors may guide discussion by emphasizing a business-model comparison. Table 1 makes clear that LIV did not simply offer more prize money; it changed the bundle of value propositions offered to players, fans, sponsors, and media partners. The PGA Tour's response should be assessed against this full bundle. A narrow answer focused only on player compensation misses the ecosystem problem.

The key concepts are resource-based advantage, legitimacy, business-model innovation, platform economics, ecosystem governance, and stakeholder risk. Resource-based analy-

sis asks whether PGA Tour assets are valuable, rare, inimitable, and organized for capture. Legitimacy analysis asks whether LIV can be accepted by critical stakeholders despite sportswashing concerns and whether the PGA Tour can partner with PIF-linked capital without damaging its own identity. Platform and ecosystem analysis asks how decisions affect all sides of the market, not only the PGA Tour and LIV.

Instructors may additionally introduce institutional theory to explain why challengers and incumbents often become structurally similar over time. DiMaggio and Powell's concept of institutional isomorphism helps explain why LIV Golf gradually adopted incumbent tournament conventions while

the PGA Tour simultaneously adopted more commercially aggressive governance and incentive mechanisms.

For quantitative discussion, begin with Table 4. Students can first calculate what the announced figures imply about purse intensity, team incentives, and player-retention pressure. The important teaching move is to ask what each number measures and what it does not measure. For example, the LIV field-slot proxy shows the concentration of announced prize resources, but it does not reveal profitability, contract guarantees, media-rights revenue, or the opportunity cost of PIF capital. The SSG and player-equity figures show the scale of the incumbent's capital response, but they are not equivalent to annual tournament purses.

After this grounding exercise, use a stylized sensitivity exercise rather than claimed actual valuation. Ask students to estimate each strategic option's expected value:

Strategic value = media and sponsorship upside + player-retention benefit - incremental player cost - legitimacy penalty - regulatory and execution risk.

Students can assign low, base, and high values to each component for three options: continued competition, negotiated integration, and selective co-optation. The purpose is not to produce a precise valuation. The purpose is to show which assumptions drive the recommendation and to make reputational risk

explicit rather than treating it as an unpriced afterthought.

Because the LIV Golf/PGA Tour environment continues to evolve, instructors may optionally incorporate subsequent developments involving player-retention uncertainty, governance negotiations, and reports concerning future Public Investment Fund funding commitments. These developments provide opportunities to extend discussion of ecosystem sustainability, incentive alignment, legitimacy management, and the long-term durability of capital-intensive disruption strategies.