











## FINANCIAL SUSTAINABILITY IN THE CREATIVE ECONOMY: INVESTMENT BEHAVIOUR AND VALUE CREATION IN THE VISUAL ARTS SECTOR

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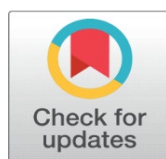
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## ABSTRACT

Creative economy prosperity and sustainability financially in the long term hinge on the changing sources of funds and investment patterns mostly in the visual arts sector, where creative production frequently relies on short-term changes in funding. In this paper, the points that will be highlighted are that sustainable investment practices coupled with value creation processes can enhance the economic stability of the artists, galleries, and cultural institutions. Government strategic investments, as well as those of the private and financial institutions, can help fund creative production and create economic, cultural, and symbolic value, which can contribute to sustainable development in the creative economy. Moreover, innovative financial and management approaches like diversified financing systems, online art platforms, and joint partnerships should be implemented in cultural institutions to increase the level of financial stability and audience interaction. The conceptual framework can be further developed in future research where empirical studies can be undertaken to determine the relationships between investment behavior, value creation, and financial sustainability in the visual arts sector. A comparison between various cultural and economic settings can also reveal more insight into the role of policy frameworks and investment environment in determining the sustainability of the creative industries. Moreover, the analysis of the effects of new technologies, including digital art markets, virtual exhibitions, and blockchain art platforms, might help to obtain valuable information about the opportunities of new investments and value-generating processes of new creative economy.

**Keywords:** Creative Economy, Financial Sustainability, Investment Behaviour, Cultural Value Creation, Visual Arts Sector



## 1. INTRODUCTION

Creative economy is becoming a well-recognized determinant of economic growth, cultural development, and social change. The cultural and creative sectors are important for creating employment opportunities, fostering innovation, and enhancing national competitiveness. These sectors encompass visual arts, music, film, design, architecture, and digital media, which, in turn, generate cultural and economic value. The visual arts industry has a unique role among these industries because of its ability to provide cultural expression, as well as the opportunity to make economic gains through art markets, galleries, and exhibitions. The sharp rise in the significance of creative industries has made the issue of creative economy interesting to policymakers, investors, and scholars alike, to gain knowledge about the economic dynamics of the creative economy. Cultural production is a source of artistic innovation and a very important factor in the formation of cultural identity and social activity. Nevertheless, financial sustainability is one of the greatest issues for artists and cultural institutions. The visual arts sector is prone to unpredictable sources of revenue, such as private investments, government grants, and philanthropic support, rather than being relatively stable, as in traditional industries. Creative industries are highly dependent on investment behaviour to influence their financial sustainability. The decisions made by collectors, individual investors, governments, and cultural institutions about whether to invest in art affect the availability of financial resources to produce art. The implementation of sustainable investment practices has been gaining popularity in recent years because it has shown the potential to enable long-term economic development and environmental sustainability [Azam et al. \(2022\)](#), [Hunjra et al. \(2022\)](#).

The concepts of green finance and responsible investment strategies have also been adopted as major tools for sustainable economic development. The studies have suggested that sustainable development objectives and economic resilience are partially attributable to environmentally responsible investment decisions [Bei and Wang \(2023\)](#), [Yin et al. \(2023\)](#). Such developments underscore the increased overlap between financial sustainability and larger sustainability programs. The creation of art can be an important factor in ensuring sustainability, too. Art has been employed to create awareness of the environmental issues and promote sustainable practices within communities [Bloch and Verchere \(2019\)](#), [Rodriguez-Labajos \(2022\)](#). The resulting effect of cultural activities is therefore economic growth, as well as environmental and social sustainability.

Despite these developments, few studies have examined the effects of investment behaviour on the creation of value and financial sustainability in the visual arts industry. Most of the current research focuses on sustainable finance or environmental policy, whereas comparatively little is known about the contribution of cultural industries to sustainable economic development. In this research, the gap is filled by shaping a conceptual framework that connects the elements of investment behaviour and value creation with financial sustainability in the creative economy. The article contributes to the literature by integrating perspectives from sustainable finance, cultural economics, and innovation research to explain how investment decisions determine the economic sustainability of the visual arts industry.

## 2. LITERATURE REVIEW

### 2.1. INVESTMENT BEHAVIOUR AND SUSTAINABLE FINANCE

The behaviour of investment is now a significant field of study in the concept of sustainable economic development. Investor decisions on finances affect the economic growth, environmental sustainability, and technological innovation. Financial institutions and policymakers view sustainable investment practices as one way to pursue long-term economic and environmental goals [Chan et al. \(2022\)](#). Green finance has become one of the key mechanisms for promoting sustainable development. Green bonds and sustainable investment funds are some of the financial instruments that can be used to fund environmentally friendly initiatives [Taghizadeh-Hesary et al. \(2023\)](#), [Ye and Rasoulinezhad \(2023\)](#). The research also notes that institutional support is critical to achieving sustainable investment behaviour. By encouraging investors and market-supporting institutions to use resources for environmentally friendly projects, market-supporting institutions can advance sustainable development [Azam et al. \(2022\)](#).

### 2.2. VALUE CREATION IN THE CREATIVE ECONOMY

The creative economy values are created through the artistic innovation, cultural expression, and knowledge production. Creative industries result in economic value and also in cultural and symbolic value to the society. Art

programs have been found to impact technology innovation and sustainability. Art tendencies tend to respond to environmental and social issues and sustainability within communities [Bloch and Verchere \(2019\)](#), [Sanz-Hernández and Covalada \(2021\)](#). Value creation has also increased due to the digital revolution in the creative industries. Online exhibitions, Virtual reality, and digital art platforms help artists attract global audiences and generate new sources of revenue [Chen and Li \(2024\)](#), [Richesin et al. \(2021\)](#).

### **2.3. FINANCIAL SUSTAINABILITY IN CREATIVE INDUSTRIES**

Financial sustainability can be defined as a property of organizations to be able to uphold sustainable financial resources and yet remain in the production of economic and social value. The financial sustainability of the creative economy is a matter of a mix of investment flows, market demand, the creation of cultural value, and policy support. Some studies have shown that economic innovation and sustainability policies have significant effects in promoting long-term financial sustainability [Deng et al. \(2023\)](#), [Bie et al. \(2023\)](#). The outcomes of economic resilience and sustainability can be affected by government policies and financial incentives as well as investment strategies [Badruddin \(2023\)](#), [Zhang et al. \(2023\)](#).

### **3. THEORETICAL FOUNDATIONS**

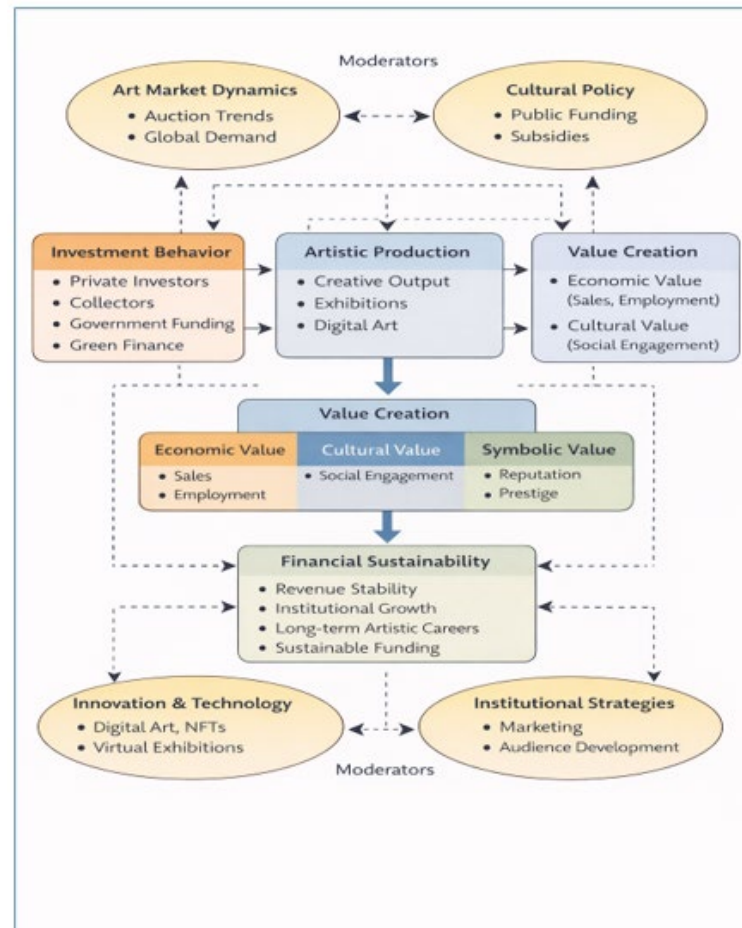
The theories of sustainable investment, value creation, and the creative economy provide the conceptual background for this study. Sustainable investment theory describes the impact of financial investments on the long-term economic development and environmental sustainability [Taghizadeh-Hesary and Yoshino \(2019\)](#). The theory of value creation focuses on the fact that organizations create value by being innovative, creative and developing knowledge. Artistic production creates economic and cultural value in the setting of the creative economy. The theory of creative economy also emphasizes on the contribution of cultural industries to economic growth and social development. Cultural identity and economic opportunities. The artistic production is an essential element of the sustainable development strategies [Lopez et al. \(2017\)](#).

### **4. CONCEPTUAL FRAMEWORK DEVELOPMENT**

The conceptual framework's hypothesis is that investment behaviour can determine financial sustainability through value creation. Investment behaviour gives financial resources that facilitate the production of art, technological innovation and culture. These investments enable the production of artistic products and cultural experiences that create economic and symbolic value. The visual arts sector comprises value creation that encompasses economic, cultural, and symbolic value. The sale and exhibition in art markets create economic value, whereas cultural value is added to social interaction and heritage conservation.

Such processes of value creation eventually led to financial sustainability by creating stable sources of revenue and institutional resiliency.

Figure 1



Source: Developed by Researchers

## 5. PROPOSITIONS

**P1:** There is a positive relationship between investment behaviour and production of visual arts.

**P2:** Creative production has a positive contribution to value creation.

**P3:** Value creation can positively impact on financial sustainability.

**P4:** The cultural policy mediates the interdependence between the investment action and value creation.

## 6. IMPLICATIONS FOR THE CREATIVE ECONOMY

The results of this conceptual research have significant policy implications to policymakers, investors, and cultural institutions that want to enhance financial sustainability in the creative economy, specifically in the visual arts industry. Governments can create favorable policy incentives that can promote sustainable investment in creative industries in form of tax incentives to investors in art, government funding of cultural institutions and grants to the emergent artist. Such policy support will also be able to mitigate financial uncertainties and enhance the growth of cultural industries in the long term and meet cultural industries with other sustainable development purposes [Azam et al. \(2022\)](#), [Yin et al. \(2023\)](#). Another important role belongs to financial institutions and investment organizations that can introduce new funding mechanisms in the form of cultural investment funds, impact investment programs, and green finance initiatives that can promise alternative sources of funds to support the projects in art [Taghizadeh-Hesary et al. \(2023\)](#), [Hunjra et al. \(2022\)](#). With the promotion of the development of the financial ecosystem of the visual arts industry, it is also possible to encourage the growth of capital flows and the production of creative works through stimulating the investment of individuals and the active involvement of collectors, galleries, and auction houses [Gutsche et al. \(2023\)](#), [Chan et al.](#)

(2022). New sources of revenue and international audiences are also developed due to technological innovations like virtual exhibitions, online art platforms, and immersive media, and thus improve financial sustainability in cultural institutions [Chen and Li \(2024\)](#), [Richesin et al. \(2021\)](#). Besides, the value creation in the visual arts industry goes beyond the monetary payoffs to encompass cultural and symbolic worth since artistic projects may lead to social awareness, cultural identification, and sustainability change [Bloch and Verchere \(2019\)](#), [Rodriguez-Labajos \(2022\)](#). The cultural organizations must thus use strategic management practices like audience development, digital engagement, and international collaborations to develop diversified sources of revenue and institutional resilience. The long-term financial viability of the visual arts sector may be reinforced by combining sustainable investment practices, technological innovation and the creation of cultural value and adding to the overall expansion of the creative economy.

## 7. CONCLUSION AND DIRECTIONS FOR FUTURE RESEARCH

The expertise of creative economy and its continuity is pegged on the long-term financial sustainability which further depends on the shifting sources of financing and investment modes especially in the visual arts, where creative production is usually based on short-term investments. The main aspect discussed in this paper is that economic stability of artists, galleries, and cultural institutions can be increased through the involvement of sustainable practices during investment and through the process of value creation. The strategic investments by the government and the privates and financial institutions can assist in funding creative production and creating economic, cultural, and symbolical value, which in turn can lead to sustainable development in the creative economy. Besides, new financial and management strategies, including diversified systems of financing, online art platforms, and collaborative partnerships, ought to be adopted in cultural institutions to improve financial security and viewership. The conceptual framework can also be extended in future researches where empirical research should also be conducted to establish the relationship between investment behaviour and value creation as well as the financial sustainability in the visual arts industry. Comparison of the different cultural and economic backgrounds can also help shed more light on how policy frameworks and the investment environment can influence the sustainability of the creative industries. Furthermore, the study of the implications of the new technologies, such as digital art markets, virtual exhibitions, and blockchain art platforms, could potentially provide some valuable insights into the possibilities of new investments and value-creating processes of the new creative economy.

## CONFLICT OF INTERESTS

None.

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