

Relations between the management of arts, the art market and visual culture art



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Management of Arts, Art Market and Visual Culture Relations Apparently, it is possible to put a price on a priceless however, market analysts cannot fully agree on it. The marshalling of art market sales data into indices and the correlation of those indices against those of the financial markets marks the process of understanding the relations. In order to understand the relationship better, there are several concepts that arise for example diversification. In the world today, there is need to invest cautiously especially when dealing with diversification. The value of commodity differs according to many diversified sectors worldwide. Consequently, art is termed as heterogeneous in the light that art and antiques offer too much diversification. As a result, there is need to understand the difference between art and other financial products. The balance of art holding is difficult to measure whereas other financial products like paintings are tangible. Clients buy paintings as a way of signaling to other people about their high social classes. Return and risk are greatly linked. All securities have a common relationship with some underlying base factor such as a stock market index or GDP (Bank, 273). The determining factor is that the value of art is common with other assets and is dependant multi factors. Behavioral finance believes that human nature interferes with the supposed industry. Examples of behavioral patterns are greed, fear and overconfidence. Most investors are normally prone to overconfidence and uncontrolled optimism will lead to a condition known as mania. Art or antiques is just one alternative product that most investors have to consider.

Just like any organization, a work of art is divided into several properties. Through the division, the value of work of art is determined mainly by underlying internal and external forces. Some of the internal characteristics include size, materials, date of condition, provenance, subject matter and creator's reputation. The external considerations include macroeconomic and political forces often reflected in the stock market. The extent to which each of the internal characteristics is impounded into the price depends on the original market. There are various techniques used to arrive at a price for a given work of art however, none captures the whole value. The value of art exceeds the investment value in some cases. Very high art quality of a particular emotional significance usually contains attributes that cannot be captured by a marketplace. There are differences between the art and financial markets (Futia, 102). For example, the degree of art returns is subjective to unacceptable levels of information hence the reason why profits and losses are usually shrouded in mystery. Most art businesses are usually privately owned and illiquid small enterprises heavily guarding anyone to access to the price information. Clients' identity and their prices are strictly confidential. Finally, no obvious benchmark for art exists. As a result, this makes risk assessment very difficult. The concept of art as a whole becoming an institution has sparked several theories. First of all, there are huge national differences between localities hence the different art institutions globally. The various personalities in art centers and institutions do not encourage art. However, art institutions are slowly opening up beneficial concepts for example Uncertainty. This relates to freedom and free art in healthy yet playful ways. This has occurred in the last twenty years and has received positive feedbacks from clients. Works Cited Bank G. World <https://assignbuster.com/relations-between-the-management-of-arts-the-art-makret-and-visual-cultureart/>

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