

CREATING SHARED VALUE IN ART AND FINANCE

**A CASE STUDY ON AN ART INVESTMENT FUND'S STAKEHOLDER
NETWORK AND BUSINESS MODEL**

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Creating Shared Value in Art and Finance: A Case Study on an Art Investment Fund's Stakeholder Network and Business Model

Abstract:

The art market has seen extraordinary growth in recent years, leading to its financialization. The interaction between finance and art has partially reconfigured both sectors, challenging the distinction between them. Concurrently, the concept of ESG has risen to prominence as stakeholders increasingly demand transparency and ethical conduct from businesses, influencing the emergence of new types of sustainable businesses. This context has motivated the exploration of the relationship between the objective of socially sustainable investments by an investment fund and the goal of Creating Shared Value (CSV). This thesis aims to describe and analyze the potential for CSV within the art investment fund stakeholder network through a case study of Arte Collectum. The research is conducted through a single-case study of the art investment fund, combined with theory and literature review. We determine that there are opportunities for shared value (SV) creation. Furthermore, we conclude that the art world is fundamentally based on connections, relationships, and reputation. We also identify existing tensions at the intersection of art and finance but also recognize strategies to manage these “misalignments,” emphasizing the importance of communication, transparency, and relationships.

Keywords:

Creating Shared Value (CSV), Shared Value (SV), Collective Impact (CI), business ecosystem, Stakeholder Theory, Business Model Innovation (BMI), Open Business Model (OBM), economic value, hedonic value, art, finance, alternative investment, art investment fund, tensions, communication

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1. Introduction

1.1. Background and Problem

“We can talk for hours about that, we could even write a book about it.”

- Adriano Picinati di Torcello, when discussing who reaps the benefits of the combination of art and finance

“From a communicative and ideological standpoint, not everyone speaks the same language.”

- Lars Nittve, when discussing the art and finance ecosystem

Picinati di Torcello and Nittve effectively illustrate the complexity of value creation within the art and finance ecosystem, a central theme of this thesis. The thesis examines the potential of a sustainable art investment fund to create Shared Value (SV). In this thesis, ‘sustainability’ refers specifically to environmental, social, and governance (ESG) factors, with an emphasis on the social aspect.¹ The concept of ESG has gained prominence as stakeholders, including investors, regulators, and consumers, increasingly demand transparency and ethical conduct from businesses. A fund that “generally only invest[s] in ‘Sustainable investments’” complies with Article-9 of the EU Sustainable Finance Disclosure Regulation (SFDR).² Such a fund must not only disclose the sustainability impact of its portfolio but also demonstrate how sustainability considerations influence its investment decisions. These considerations may focus on environmental, social, governance or a combination of these. EU Sustainable Development Goals (SDGs), which align closely with business objectives, often serve as targets for companies striving to meet ESG criteria. The 17 goals and 169 sub-targets provide a framework that guides corporate efforts in sustainability.³

Considering the goal of socially sustainable investments made by a fund, there is an inherent link to the objective of Creating Shared Value (CSV). This concept is defined as “policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.”⁴

¹ “What is ESG,” Nordea, October 16, 2021.

² “The EU Sustainable Finance Disclosure Regulation Explained,” Morningstar, 2023.

³ “The path to 2023: Delivering a sustainable future,” EY, 2022.

⁴ Porter, Michael E., Mark R. Kramer, “The Big Idea: Creating Shared Value. How to Reinvent Capitalism – and Unleash a Wave of Innovation and Growth,” *Harvard Business Review* 89, no. 1–2 (January-February, 2011): 62–77.

However, the art and finance scene has a complex background. There is a prevailing disbelief within the art world that the fields of art and finance should remain distinct.⁵ Despite this, the art market has experienced significant growth over the last two decades, leading to systemic and structural changes within the sector.⁶ According to Deloitte’s 2023 Art and Finance Report, the art market’s extraordinary growth has led to its financialization.⁷ The interaction between finance and art has partially reconfigured both sectors: by altering the transactions of specific exchanges, changing the dynamics of the entire art field, and *challenging the distinction between finance and art as sectors*. Art is increasingly seen not only as a source of enjoyment but also as an emerging alternative asset class with compelling investment opportunities.⁸ In his book *Curating Capitalism: How Art Impacts Business, Management, and Economy*, Pierre Guillet de Monthoux emphasizes the importance of understanding the motivations of art buyers, particularly international collectors. He notes that emotion, social motivation, and financial investment are key factors, with “seventy-four percent of buyers looking at the financial aspect.”⁹ This illustrates the inevitable blending of the art and finance worlds, challenging the traditional boundaries and suggesting a symbiotic relationship.¹⁰ Consequently, it appears that there exists no position ‘outside’ the market from which artists can effectively critique it.¹¹ This merger has led to “inevitable tensions in the relationship between non-economic and economic values,” representing the divergent interests of the two sectors.¹² This discussion introduces the particular case of art funds – privately offered investment funds that aim to generate returns through the acquisition and disposition of artworks.¹³

This thesis examines an investment fund’s ability to create SV within an ecosystem characterized by inevitable tensions, an aspect that was overlooked in the initial development of this concept. By doing so, this thesis aims to address a gap in the research on CSV. It examines this limitation within the concept itself and contributes to the field by both addressing this limitation and enhancing understanding of this relatively new concept.

⁵ Gerald Nestler and Suhail Malik, “Introduction: Art and Finance,” *Finance and Society* 2, no. 2 (2016): 94–95.

⁶ Ibid.

⁷ Deloitte Luxembourg and ArtTactic, *Art & Finance Report 2023* (Luxembourg: Deloitte Luxembourg, 2023).

⁸ Ibid.

⁹ Pierre Guillet de Monthoux, *Curating Capitalism: How Art Impacts Business, Management, and Economy* (London: Sternberg Press, 2023), 223.

¹⁰ Nestler and Malik, “Introduction: Art and Finance,” 94–95.

¹¹ Grace McQuilten et al., *Impact and Sustainability in Art-Based Social Enterprises* (Melbourne: The University of Melbourne, 2015), 8.

¹² McQuilten et al., *Impact and Sustainability in Art-Based Social Enterprises*, 8.

¹³ “Basics of Art Funds and Their Managers,” Art Fund Association, accessed May 12, 2024.

1.2. Purpose and Research Questions

Evidently, an emerging ecosystem exists, featuring diverse stakeholder perspectives that require consideration within the art and finance SV network. It is essential to address the tensions among these stakeholders as we presume that tensions between actors is an obstacle in the pursuit of creating SV. Therefore, the purpose of this thesis is to *describe and analyze the potential for CSV in the art investment fund stakeholder network, specifically through the case study of the art investment fund Arte Collectum.*

In order to fulfill the stated purpose above, the research questions that guide this study and are sought to be answered are as follows:

1. Do different stakeholders in Arte Collectum's value network have different interpretations of the value that Arte Collectum provides? If so, what are they?
2. Are there tensions between the different stakeholder interests in the value network? If so, what are they?
3. How does Arte Collectum handle the tensions?

1.3. Delimitations

To conduct this study, we acknowledged and adopted several specific limitations. First, our focus was exclusively on the concept of tensions within SV networks, specifically within the context of an art fund in the Swedish market – Arte Collectum (AC). This focus allowed us to narrow our investigation to a particular industry. Additionally, the genesis of this thesis was inspired by Arte Collectum AB, which guided our selection of the cross-sectional areas to examine (art and finance). Furthermore, we selected only one art fund for our study because it is one of the few examples currently existing, a necessary constraint given the depth of analysis that our thesis aims to achieve. Finally, we were unable to interview all the desired stakeholders in the network, particularly missing the perspectives of the artists, banks, and private investors. This limitation arose because AC did not grant us access, citing concerns over delicate relations. Despite this constraint, we were able to garner insights into the perspectives indirectly through interviews conducted with other participants who interact with or have knowledge of the perspectives of the missing stakeholders.

1.4. Expected Contributions

The expected contributions of this study pertain to CSV and the intersection between art and finance. Firstly, CSV has been criticized for lacking practical application, being a relatively new concept.¹⁴ This study aims to empirically support the idea of SV creation, potentially providing substantial evidence of its viability. Secondly, there is a noticeable gap in the literature regarding the alignment between value creation and value capture, as well as among stakeholders, which this study aims to address. By focusing on the art and finance nexus, this study provides an example of the potential for CSV in a tension-filled ecosystem.

Specifically, it examines the diverse value perspectives present within an art investment fund's value network.¹⁵

Recent literature recognizes that business models extend beyond simple dyadic relationships to involve multiple actors within an ecosystem.¹⁶ As the art and finance sectors have merged over the past decade, this study's multi-actor perspective is expected to fill a gap in the literature concerning the design and implementation of value creation and value capture processes across organizational boundaries. Additionally, this research contributes to the Open Business Model (OBM) literature, which focuses on companies that create opportunities and value by collaborating and/or co-creating with external partners.¹⁷

There has recently been a significant increase in demand for Corporate Social Responsibility (CSR), CSV, and sustainable practices in companies, driven by society. This pressure has compelled companies to adopt more sustainable practices.¹⁸ The fund investigated in this study is a purpose-driven firm and certified as an Article-9 fund. This certification means that sustainable investments are at the core of the business, its purpose and objectives.¹⁹ This distinguishes the fund from many other companies that have recently shifted toward sustainable practices. Generally, we expect this study to contribute to the CSV literature by providing an example of how a purpose-driven firm in the emerging art and finance world creates SV and manages its various stakeholders within its value network.²⁰

¹⁴ John Jordan, "Oh, Mr Porter," *The Economist*, March 10, 2011.

¹⁵ Kate Gibson, "What Is a Purpose-Driven Firm?," *Harvard Business School Online*, September 29, 2022.

¹⁶ Greg Sarafin, "What business ecosystem means and why it matters," *Deloitte*, April 26, 2021.

¹⁷ "Open Business Model," Learning Loop, 2023.

¹⁸ Porter and Kramer, "The Big Idea," 62-77.

¹⁹ Brian Forrester, Melissa Scully, and Marc Aboud, "Sustainable Finance Disclosure Regulation - Article 9 Funds or "Dark Green Funds"," *Deloitte*, March 18, 2021.

²⁰ Gibson, "What Is a Purpose-Driven Firm?."

2. Theory and Literature Review

2.1. Creating Shared Value

The concept of SV asserts that companies should go beyond merely maximizing profits to also focus on creating societal value. CSV entails generating economic value in such a way that it simultaneously creates value for society by addressing its needs and challenges.²¹ This approach is not philanthropy or peripheral to a company's business model; rather, it represents a new way to achieve economic success by placing societal considerations at the core of business operations and expanding the pool of economic and social value.

By aligning business goals with societal interests, companies can enhance their competitiveness while contributing to the resolution of solving social and environmental challenges. The most fertile opportunities for CSV are closely related to a company's specific business activities. It is in these areas that a company can benefit most economically and, therefore, sustain its commitment over time. This is also where a company can contribute the most resources and where its scale and market presence enable it to have a meaningful impact on a societal problem.²² However, an integral part of CSV is the collaboration among various actors in society, including companies, governments, and civil society. The creation of SV also benefits from insights, skills, and resources from a diverse range of areas.²³ This underscores the importance of effective collaboration in achieving SV.

Michael E. Porter and Mark R. Kramer suggest three ways to create SV: (1) reconceiving products and markets, (2) redefining productivity in the value chain, and (3) enabling local cluster development.²⁴

Reconceiving products and markets focuses on the products and services that companies produce and the markets that they serve. This approach encourages firms to innovate and cater to the evolving needs of society, creating new market opportunities.²⁵

Redefining productivity in the value chain pertains to optimizing a company's operations and interactions that are both influenced by and impact societal issues, such as natural resource use, working conditions, and employee treatment.²⁶

Enabling local cluster development recognizes that companies are not isolated entities but are part of a larger network and ecosystem that both influences and is influenced by them.

²¹ Porter and Kramer "The Big Idea," 62–77.

²² Ibid.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

The success of a company is closely linked to the support that it receives from other businesses and entities, as well as the infrastructure within which it operates. Central to thriving local clusters is effective collaboration and the sharing of assets and resources, such as knowledge, insights, and skills.²⁷

The concept of *value* encompasses various definitions, reflecting the different perspectives from which it is viewed. An object or entity can possess multiple values, which may change over time and can be conflicting, overlapping, combined, or contradictory, depending on the context of valuation, its purpose, and the methods used.²⁸ For example, there is a distinction between economic value, such as pricing, and non-economic value, such as qualitative judgments of worth. To illustrate, something valued as a financial asset by one investor may be viewed differently by another, and in different circumstances, it may be valued not as a financial asset but as a political tool. The term *valuing* can refer to both prizing – holding something precious or regarding it highly – and to appraising – assigning a monetary value to something. The former connotes a relational quality, while the latter implies a more definitive assessment.²⁹

2.1.1. Collective Impact

Because companies do not operate in isolation but are part of a larger network and ecosystem that they both affect and are affected by, Kramer and Marc W. Pfitzer argued (2016) that they should initiate Collective Impact (CI) efforts involving all actors in the ecosystem.³⁰ CI aims for large-scale social change and originates from the idea that social problems arise from a complex system of actors in all sectors. Consequently, these problems can only be solved through the coordinated efforts of all actors and the affected populations collectively.

Traditionally, each company or party has typically viewed the problem solely from its own perspective. However, with CI efforts, all relevant parties are brought together, enabling a shared understanding of the problem. For an initiative to succeed, local communities affected by the problem must be included and empowered in the collective efforts to solve the problem; any analysis or proposed actions must account for all perspectives. For CI to achieve its aim, five key factors should be present: a common agenda, a shared measurement

²⁷ Ibid.

²⁸ Claes-Fredrik Helgesson and Fabian Muniesa, “For What It’s Worth: An Introduction to Valuation Studies,” *Valuation Studies* 1, no.1 (April 16, 2013): 1–10.

²⁹ Ibid.

³⁰ Mark R. Kramer and Marc W. Pfitzer, “The Ecosystem of Shared Value,” *Harvard Business Review* 94, no. 10 (October 2016): 80–89.

system, mutually reinforcing activities, constant communication, and dedicated “backbone” support.³¹

Considering a *common agenda*, aligning the numerous and diverse stakeholders can be challenging due to differing perspectives, interests, goals, and visions. However, for achieving CI, it is critical to have a shared vision and approach among the stakeholders, as this helps to align the actors’ efforts and defines each actor’s commitments. To account for every actor and secure their engagement and commitment to the initiative, the agenda should also consider every actor’s perspective and interests. It is also important to have a *shared measurement system* among the actors, where they agree on indicators that determine how success should be measured and reported. This system helps to formalize the common agenda, establish a basis for understanding as a group of what is or is not working as each actor implements its activities, and determine how to proceed. In the large collaboration in CI initiatives, all actors do not execute the same activities. Instead, they engage in *mutually reinforcing activities* by focusing on their unique assets, resources, skills, and expertise, meaning that each actor focuses on a different aspect of the problem. Although different actors engage in different areas of the problem, all must engage in frequent, constant, and structured communication to build trust and coordinate mutual objectives, which are foundational to successful collaboration. *Constant communication* also enables an overview and analysis on commitments and progress, which helps the actors to understand whether they are moving in the right direction. Lastly, a separate and independent party dedicated to the initiative – the “backbone” of the project – is needed to guide vision and strategy, support activities, establish shared measurement practices, build public will, advance policy, and mobilize resources. The function of the “backbone” is thus ensuring that all actors remain aligned and informed.³²

2.2. Business Ecosystems

In the rapidly changing world, businesses that evolve quickly and efficiently are the most successful and are most likely to survive. However, business cannot evolve in a vacuum; they must attract different types of resources from different sources and areas within society. For instance, they need to secure capital, partners, suppliers, and customers to create cooperative networks.³³

³¹ Ibid.

³² Ibid.

³³ James F. Moore, “Predators and Prey: A New Ecology of Competition,” *Harvard Business Review* 71, no. 3 (May 1, 1993): 75–86.

In 1993, the business strategist James F. Moore coined the concept of business ecosystems, which is something that he drew from the concept of natural ecosystems. A business ecosystem can be described as a purposeful business arrangement between two or more entities to create and share in collective value for a common set of customers.³⁴

Navigating the complex terrain of business ecosystems requires more than a strategic approach to expansion and collaboration. It necessitates a nuanced understanding of the intricate web of stakeholder expectations. Amidst this, purpose-driven firms emerge as pivotal actors. They use their reputational strength to navigate the multifaceted tensions that companies face in an interconnected world. For instance, geopolitical, organizational and market tensions present challenges and opportunities for multinational enterprises. Particularly relevant are market tensions, which reflect the evolving expectations of consumers and investors, especially around sustainability and value creation, pushing companies to innovate and adapt their Value Propositions (VPs). In this complex environment, the power of a well-articulated corporate purpose becomes evident. Purpose acts as a compass, guiding companies through the turbulence of divergent stakeholder expectations and emerging market demands. It offers a narrative framework that helps to align internal efforts with external expectations, ensuring that the organization's actions resonate meaningfully with its broader ecosystem. For purpose-driven firms, this strategic clarity enables them to not only navigate but also shape the agenda within their ecosystems, steering clear of the multiplexity of divergent stakeholder expectations and nationalist tendencies. Therefore, being part of a business ecosystem is not merely about survival and growth; it is about understanding and navigating the tensions that come with it.³⁵

2.3. Business Model Theory and Tensions Between Stakeholders

2.3.1. Open Business Model

An example of CI can be seen in the Open Business Model (OBM). Historically, and still prevalent in many industries and companies today, businesses have been the center of the value creation process, operating with a vertical structure in their value chains. An OBM, in contrast, exhibits a horizontal structure of value creation and strong collaboration among different partners in this horizontal co-creation. Different from the traditional Closed Business Model (CBM) which relies on internal value creation processes, an OBM includes

³⁴ Sarafin, "What business ecosystem means and why it matters."

³⁵ Gerard George and Simon J.D. Schillebeeckx, "Digital Transformation, Sustainability, and Purpose in the Multinational Enterprise," *Journal of World Business* 57, no. 3 (2022): 101326.

external partners in these processes.³⁶ A company employing an OBM identifies areas within the value creation process where external actors can contribute with their resources or where it can use internal resources in ways that are mutually beneficial. The purpose of adopting an OBM is to enhance efficiency, capture new market shares, and secure strategic advantages by accessing and leveraging external resources that the company does not possess internally, while also cultivating strong relationships and trust among external partners. There are two particularly important aspects to consider when developing an OBM. Firstly, the original business model of the company, especially its value chain, must be comprehensive and consistent internally and must resonate with the business models of potential partners. Secondly, the added value from the collaboration with external partners must benefit the original business; any potential conflicts of goals between the company's own profitability and potential partners' objectives must allow for a win-win solution.³⁷

On the one hand, the OBM involves receiving and integrating external resources to strengthen one's own company. On the other hand, it entails leveraging internal resources by offering these for compensation.³⁸ In terms of receiving external resources, the company should focus on 1) evaluating external resources, 2) developing and managing structures enabling the company to work with external networks and connect external resources with internal processes, and 3) developing strong partnerships with actors who possess desired resources for the company. In terms of supplying internal resources, the company should focus on creating partnerships with actors that require internal resources in the company.³⁹

2.3.2. Stakeholder Theory and Tensions Between Stakeholders

In earlier days of capitalism, when traditional strategic management frameworks failed to navigate increasing environmental change and turbulence, stakeholder theory emerged as an advocacy for a broader consideration of various stakeholder interests. Stakeholder theory originates from the 1960s in the works of Eric Rhenman, Igor Ansoff, Russell Ackoff, and their students, and was developed further in R. Edward Freeman's article "Strategic Management: A Stakeholder Approach" (1984). Freeman defines stakeholders as any group or individual who can affect or is affected by the achievement of an organization's objective.⁴⁰ The concept of stakeholder capitalism argues that businesses should not focus solely on creating value for shareholders but instead should consider all stakeholders in the

³⁶ "Open Business Model," Learning Loop.

³⁷ Ibid.

³⁸ Darya Sinusoid, "What Is the Open Business Model?," *Shortform*, October 15, 2021.

³⁹ Ibid.

⁴⁰ R. Edward Freeman, "A Stakeholder Approach to Strategic Management." *SSRN Electronic Journal* 1, no. 1 (1984).

value creation process. There are four principles of stakeholder capitalism: stakeholder cooperation, complexity, continuous creation, and emergent competition, suggesting that these principles can lead to a more robust and sustainable form of capitalism. Freeman (1997) offers a reinterpretation of the value chain in stakeholder terms, arguing for a more inclusive and relational view of businesses, and emphasizes that businesses should focus on creating value for all stakeholders as a means of achieving long-term success and sustainability.⁴¹

In this context, value can be seen as the benefit or advantage that stakeholders derive from engaging with a company – whether through investing, collaborating, purchasing, or using a company’s products or services.⁴² A company communicates this value to stakeholders through VPs and by reconfiguring its business strategy to reflect and deliver on these promises. Companies have their own value networks of multiple and often diverse stakeholders, and value can mean different things to different stakeholders. This diversity in stakeholder interests can lead to conflicting expectations, and balancing these often contradictory expectations can create tensions when developing a VP for a company. This highlights the importance of developing the company’s VP. However, recent literature suggests that organizations should recognize the need to develop different VPs to meet the diverse expectations of various stakeholders.⁴³

While manipulating VPs can serve as a method for addressing diverse perspectives within a stakeholder network, Business Model Innovation (BMI) delves deeper into the formation of these VPs through three critical stages: creating, delivering, and capturing value.⁴⁴ Value creation refers to the value that one creates (for example, the value of the service that a company provides to a customer) and value capture is how that value is captured both by the company and the customer (for the company, this means turning the value into profit, and in terms of the customer, bargaining to receive a lower price).⁴⁵ Recent literature has, however, focused on value creation processes, directing less attention to complementing value capture processes. It is thus important to acknowledge the value capture stage and devise the company’s business model so that it encapsulates both value

⁴¹ Edward R. Freeman and Jeanne Liedtka. “Stakeholder Capitalism and the Value Chain.” *European Management Journal* 15, no. 3 (June 1997): 286–96.

⁴² Yat Ming Ooi and Kenneth Husted, “Framing Multi-Stakeholder Value Propositions: A wicked problem lens,” *Technology Innovation Management Review* 11, no. 4 (May 2021): 26–37.

⁴³ Ibid.

⁴⁴ Alexander Osterwalder and Yves Pigneur, *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*, Hoboken, New Jersey: Wiley, 2013.; Vinit Parida, David Sjödin, and Wiebke Reim, “Reviewing Literature on Digitalization, Business Model Innovation, and Sustainable Industry: Past Achievements and Future Promises” *Sustainability* 11, no. 2 (2019): 391.; David J. Teece, “Business Models, Business Strategy and Innovation,” *Long Range Planning* 43, no. 2–3 (2010): 172–94.

⁴⁵ David Sjödin et al., “Value Creation and Value Capture Alignment in Business Model Innovation: A Process View on Outcome-Based Business Models,” *Journal of Product Innovation Management* 37, no. 2 (2020): 158–83.

creation and value capture. But what is also important is to ensure that the two facets are adapted and aligned to each other; and the alignment concerns the appropriateness of the various elements and processes of value creation and value capture in relation to each other.⁴⁶ The presence of multiple interpretations of value increases the likelihood of discrepancies between the processes of value creation and value capture for different stakeholders. This discrepancy, or “misalignment,” leads to tensions on two key levels: firstly, between the processes of value creation and value capture, and secondly, between the organization and its external stakeholders.⁴⁷

2.4. Summary

The theories presented above establish a comprehensive framework that underpins this thesis. The business ecosystem theory, integrated with Stakeholder Theory, offers a strategic viewpoint for analyzing networks. At the core of our analysis is Porter and Kramer’s model, which is essential for examining CSV, with a particular emphasis on CI. Lastly, business modeling, encompassing both BMI and OBMs, facilitates a thorough discussion on the design, creation, and capture of value within the network. This approach also addresses the inherent tensions that emerge within these business frameworks.

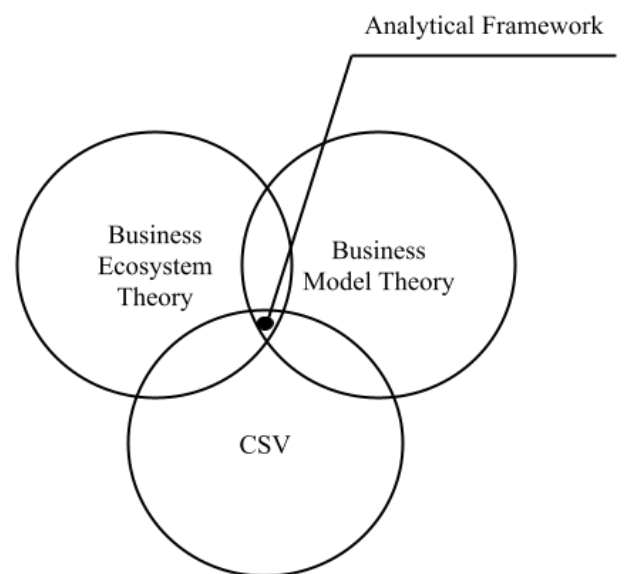


Figure 2.4. Theoretical Fields

4. Method

4.1. Research Design

In this study, we examine a particular company, focusing on its internal operational processes. We are interested in the perspectives of the various actors and stakeholders within the company and its value network. Moreover, we aim to explore potential tensions between the art and finance sectors, prompting us to also consider perspectives from external actors to the company. As a result, we have chosen to employ a qualitative research method, specifically, a

⁴⁶ Ibid.

⁴⁷ Ibid., 160.

single-case study that integrates ethnography and phenomenology with in-depth interviews and theory and literature reviews.

4.1.1. Qualitative Research Method

Qualitative research is a form of social inquiry that focuses on how people interpret and understand their experiences and the world around them.⁴⁸ This type of research is fundamentally emic – it seeks to understand and describe a specific setting from within, rather than applying any pre-existing external frameworks. It is akin to an ‘insider’s view,’ examining the beliefs, values, thoughts, and practices of a setting from the perspective of those who are part of it. Different from quantitative research, which aims for generalizability, the goal of qualitative research is to delve deeply into a particular setting, exploring its intricate details and mechanisms. This research is inherently tied to the social context of the studied setting, aiming to understand the natural social realities of individuals, groups, and cultures.⁴⁹ It relies on an interpretive approach to social reality and focuses on describing the lived experiences of human beings.⁵⁰ The primary aim of qualitative research is to generate new insights, often achieved through an abductive reasoning process. This process combines elements of both deductive and inductive reasoning; it starts at a general level with an existing theory (deductive approach), examining how this theory applies and functions in a specific, practical context, and also starts from specific observations within a setting (inductive approach), generalizing conclusions from these particulars.⁵¹ An abductive approach effectively navigates between these general and specific levels, integrating both to deepen understanding and generate novel insights.

In this study, we are undertaking a single-case study focused on the art investment fund AC. The study uses an abductive process that oscillates between leveraging existing theories and literature on the phenomena of CSV and the art and finance world, and direct observations made through our fieldwork. We are conducting in-depth interviews with employees of AC, as well as with actors and stakeholders in its value network and relevant individuals external to the company. We are thus using two examples of qualitative approaches: ethnography and phenomenology. *Ethnography* is a qualitative method utilized to collect data through observations and interviews, which are analyzed to draw conclusions

⁴⁸ Steven Tenny, Janelle M. Brennan, Grace D. Brannan, “Qualitative Study,” *National Library of Medicine*, September 18, 2022.

⁴⁹ Ibid.

⁵⁰ Ibid.

⁵¹ Stefan Cronholm, Hannes Göbel, and Lu Cao, “Abductive Design Science Research: The Interplay between Deduction and Induction,” *Australasian Conference on Information Systems*, November 24, 2023.

about how settings and individuals function.⁵² *Phenomenology* is a qualitative method that builds on the assumption that the essence of anything depends on how its participants experience it.⁵³ Phenomenological research is conducted through analyzing the beliefs, thoughts, feelings, and perceptions of a group of people in relation to the phenomenon that is studied.⁵⁴ Thus, this requires an in-depth understanding of the people's thoughts and perceptions of the phenomenon that is studied.

4.2. Theory and Literature Purpose and Selection

The primary source of data for our analysis is interviews. Nevertheless, it is essential to acknowledge the significance of theoretical frameworks and literature as analytical tools. Furthermore, these elements serve as a foundation for constructing a conceptual framework through which we examine the phenomenon under study. This framework is initially rooted in the concept of SV and Stakeholder Theory. However, given the investigative nature of our study – specifically, how the art investment fund can achieve SV – a business model perspective is required. The framework is surrounded by the presence of the art and finance nexus literature, informing us of the tensions that may emerge in the pursuit of CSV.

Due to the scope and focus of this study, some limitations were necessary in the selection of theories to focus on. This thesis concentrates on the network surrounding an art investment fund, particularly the perspectives and processes within that network which comprises various stakeholders, using the following theories as foundational pillars:

1. Creating Shared Value (CVS)
 - a. Collective Impact (CI)
2. Business models
 - a. Open Business Model (OBM)
 - b. Business Model Innovation (BMI)
3. Business ecosystems
 - a. Stakeholder Theory

This thesis explores an art fund that operates within a network comprising key actors from both the art and finance sectors. Traditionally viewed as separate and distinct, our investigation focuses on how these sectors can synergistically combine to create collective

⁵² "Ethnographic Research." University of Virginia, accessed May 12, 2024.

⁵³ Dovetail Editorial Team. "What is phenomenology in qualitative research?." *Dovetail*, February 7, 2023.

⁵⁴ *Ibid.*

value. This inquiry naturally led us to the concept of CSV, initially introduced by Porter and Kramer, which forms the foundational theory for our study. The art fund's diverse network, including stakeholders from both the art and finance worlds, prompted us to delve deeper into a specific sub-category of CSV known as Collective Impact (CI). This concept, further developed by Kramer and Pfitzer, focuses on the synergistic efforts of various actors to address complex social and economic issues collaboratively.

Additionally, given that our thesis revolves around a network of varied stakeholders, we have incorporated the theory of business ecosystems as described by James F. Moore in 1993. This theory provides a comprehensive framework for understanding the interactions among different actors and stakeholders within a network, emphasizing how they influence and are influenced by one another. Finally, Stakeholder Theory is integrated as a crucial element of our theoretical framework. It helps to elucidate existing literature on how a company identifies, interacts with, and values its stakeholders. This theory is vital for understanding the relationships within the art fund's network and for comparing these dynamics with those of other organizations. Each of these theories collectively supports our examination of the art fund, guiding our analysis of how art and finance sectors can merge to create SV while considering the complex interplay of relationships and impacts within the fund's ecosystem.

4.3. In-Depth Interviews and Selection

After the theory and literature reviews of the phenomenon of the study – CSV and the art and finance world – had been conducted, we conducted in-depth interviews of an ethnographic and phenomenological nature with employees of the particular setting that we are studying – AC – people (actors and stakeholders) in its value network, and experts in art and finance external to the network. To achieve our aim with the study, which is an understanding of the experiences and perceptions of different perspectives connected to AC in its purported SV creation, we conducted in-depth interviews with selected individuals from the different perspectives. We formulated seven different categories of stakeholders of AC and actors relevant to the study topic that we wanted to investigate:

- Employees who are actively involved in the 'day-to-day' operations of the company
- Board members:
 - The Investment Committee
 - The Compliance Committee

- Art and finance experts
- Galleries
- Artists
- Banks
- Private investors

We were, however, unable to interview artists, banks, and private investors because AC did not grant us access, citing concerns over delicate relations (see *Appendix I* for a description of the interviewees).

In the interviews, we followed a specific structure for gaining a holistic understanding of AC and its purported SV creation. We conducted semi-structured interviews by preparing a general interview guide that we then directed to the specific interviewee, we had open-ended questions with flexibility for phrasing and question order, and we were flexible for follow-up questions. We also followed the three-phase model based on David Sjödin, Vinit Parida, Marin Jovanovic, and Ivanka Visnjic’s (2020) process framework of value creation and value capture alignment in BMI relationships, and systematically addressed the past (initial phases), present, and future of AC.⁵⁵

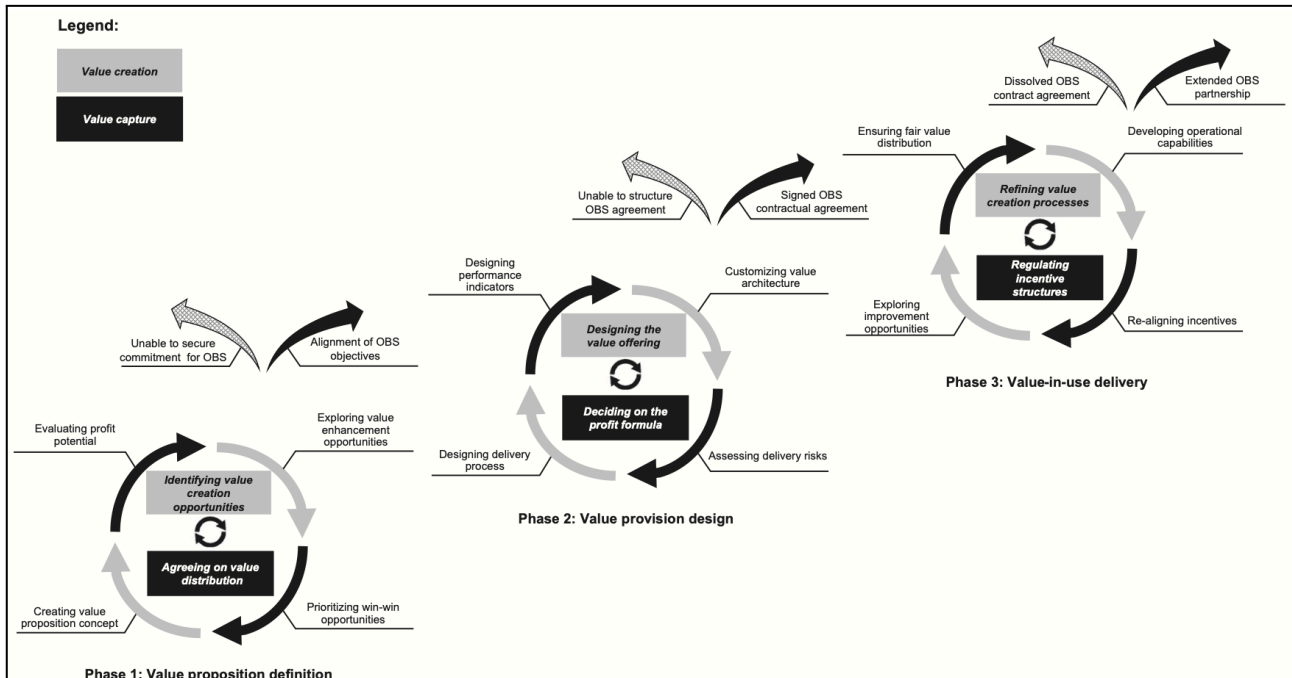


Figure 4.3. “Process Framework of Value Creation and Value Capture Alignment in Business Model Innovation Relationships” Used for Interview Structure

⁵⁵ Sjödin et al., “Value Creation and Value Capture Alignment in Business Model Innovation,” 170.

With this model as a framework, we started with asking questions about the earlier stages of AC's work and processes in terms of value creation and value capture, moved on to ask about its current status in terms of value creation and value capture, and ended with focusing on its future plans in terms of value creation and value capture (see *Appendix II* for interview questions).

To the best of our possibilities, both authors were present during the interviews for complementary focus and follow-up questions that may contribute to nuanced answers from the interviewee and that one of us may not think of due to the fact that we have different perspectives and as a result another focus being different individuals. The interviews were recorded and then transcribed after the interviews (for the subsequent use in the analysis) so that we would not have to take notes (which can extract focus from listening to and understanding what the interviewee says) and thereby could be present and focused on what the interviewee said and add high-quality follow-up questions that enhanced the depth of understanding of what we are investigating in this study.

4.4. Quality of the Study

The quality of this study concerns its reliability, validity, and transferability.

Reliability can be defined as the extent to which the results of a study can be achieved again, through repeating the method and achieving the exact same results as the original study.⁵⁶ Intuitively, reliability in this definition is difficult to achieve in a study such as this. Firstly, given that we are studying the only art fund in Sweden as of this point in time, it is, in itself, quite an isolated study. Nevertheless, we have ensured reliability in that we have gathered literature and theory to create an independent framework. Moreover, we have made interviews as standardized as possible using a script even though the nature of different stakeholders require slightly altered questions. However, there is an issue revolving around interviews in reliability, and that is the role of the ever changing human subjectivity, making it difficult to ensure similar responses always.⁵⁷

To combat this issue, we can look at the issue as Lincoln and Guba first proposed,⁵⁸ which is to theorize reliability in qualitative research as consistency. *Consistency* is the trustworthiness by which methods have been undertaken.⁵⁹ This, according to Merriam shifts

⁵⁶ Bryman, Alan, and Emma Bell. *Business Research Methods*. 3rd ed. Oxford: Oxford University Press, 2011.

⁵⁷ Sharan B. Merriam, *Fallstudien Som Forskningsmetod* [The Case Study as Research Method], (Lund: Studentlitteratur, 1994).

⁵⁸ Yvonna S. Lincoln and Egon G. Guba, *Naturalistic Inquiry* (London: Sage Publications, 1985).

⁵⁹ Immy Holloway and Stephanie Wheeler. *Qualitative Research for Nurses*. Oxford EnglaND; Cambridge, Massachusetts, USA: Blackwell Science, 1996.

the focus from whether the findings can be replicated to whether the findings actually are consistent with the data collected.⁶⁰ In this study, this has been achieved through *triangulation*; through the use of interviews with many different people in the internal network, expert opinions, and primary marketing resources used by the company to help ensure consistent and dependable data.⁶¹ This strengthens the notion that the case study has rendered events truthfully as a consequence of this convergent evidence.⁶² Furthermore, the fact that there are two investigators of this study enables a more nuanced perspective, further increasing consistency.⁶³

There is a perspective that it is more important to focus on internal validity than reliability, as they are not mutually exclusive.⁶⁴ *Validity*, in general, comes in three forms: construct, external and internal validity.⁶⁵ *Construct validity* is the use of correct operational measures for constructs being studied. This has been achieved as a consequence of the use of multiple sources of evidence, such as interviews from the company studied, experts, theory and literature, and primary marketing material in the company. *External validity* is the extent to which a study's findings are generalizable beyond the study itself.⁶⁶ This is not a large concern for qualitative case studies (see 4.1.1 *Qualitative Research Method*).⁶⁷ *Internal validity* is the extent to which results of the study corresponds to what it is meant to measure.⁶⁸ This has been ensured through forming the interviews after the theoretical framework that we have established, as well as making interviewees aware of the concepts studied before the interviews – sending out a short introduction to the study and the concepts in it.⁶⁹ Internal validity can be connected to *credibility*, and is sometimes used instead. They are different in how research findings match reality.⁷⁰ Here, triangulation is one of the ways in which this is achieved. Furthermore, we used respondent validation, ensuring descriptive and interpretive accuracy. This was achieved through sharing and allowing interviewees to edit transcripts.

⁶⁰ Sharan B. Merriam, *Qualitative Research: A Guide to Design and Implementation* (San Francisco: Jossey-Bass, 2009).

⁶¹ Ibid.

⁶² Robert K. Yin, *Case Study Research: Design and Methods*, 5th ed. (Los Angeles: Sage, 2014).

⁶³ Dag Ingvar Jacobsen and Gunnar Sandin, *Vad, Hur Och Varför: Om Metodval I Företagsekonomi Och Andra Samhällsvetenskapliga Ämnen* [What, how and why: On method choices in business administration and other social science subjects], (Lund: Studentlitteratur, 2002).

⁶⁴ Lincoln and Guba, *Naturalistic Inquiry*.

⁶⁵ Yin, *Case Study Research*.

⁶⁶ Ibid.

⁶⁷ Ibid.; Merriam, *Fallstudien Som Forskningsmetod*.

⁶⁸ Merriam, *Fallstudien Som Forskningsmetod*.

⁶⁹ Ibid.

⁷⁰ Merriam, *Qualitative Research*.

Finally, this study strives for *transferability*, in that the empirical findings should be able to be applied to a different context.⁷¹ The nature of art funds are quite unique, but, however, the theoretical framework and the method of investigation can, with certainty, be applied to other nexus of sectors. However, the uniqueness of the cross between culture and finance in the form of an art fund should not be overlooked. According to Lincoln and Guba, the most prominent way of ensuring the possibility of transferability is to provide a rich description of the sending context.⁷² Furthermore, in order to achieve this, we used purpose sampling, in an attempt to mirror, or get representatives of, all perspectives in the network of an art investment fund.⁷³ This can also be transferred to funds with similar structure, or companies that operate in the nexus of two sectors.

5. Empirics

5.1. The Structure of Arte Collectum and its Network

Arte Collectum (AC) is an ‘established’ start-up. It is an Article-9 certified alternative investment fund. The team includes the CEO, Co-Founder, and Partner Jonas Höglund; Co-Founder and member of the Investment Committee, Niklas Belenius; Chairman of the Investment Committee, Lars Nittve; Member of the Investment Committee, Deborah Gunn; Members of the Compliance Committee, Richard Goldman, Jens Tillqvist, and Bo Ahlstrand; Head of Curatorial Affairs, Magnus af Petersens; Operations Associate, Vendela Angerlöv; and a Fund Administrator. The Investment Committee is in charge of the investment strategy, and the Compliance Committee “ensures that the fund adheres to regulations, minimizes conflicts of interest, ensures that the authenticity of the artworks is verified, and ensures that all art purchases are rigorously vetted to prevent any acquisitions of stolen artworks.”⁷⁴ It is the first fund in Sweden and the Nordic region to trade art on the stock exchange, requiring scrutiny and approval by the Swedish Financial Supervisory Authority (Finansinspektionen (FI)).

Other key members of AC are the Board of Directors led by the Partner Carin Franzén and includes the Partner Johan Dettel and Rodney Alfvén. AC also relies on various service providers: AIFM Group for fund administration, Grant Thornton for accounting, Gernandt &

⁷¹ Ibid.

⁷² Lincoln and Guba, *Naturalistic Inquiry*.

⁷³ Merriam, *Qualitative Research*.

⁷⁴ “Compliance Committee,” Arte Collectum, accessed May 12, 2024.

Danielsson Advokatbyrå for legal sales agreements, and Norteam for technical support and IT security.

AC engages in an art and finance network, which can be portrayed as per *Figure 5.1*.

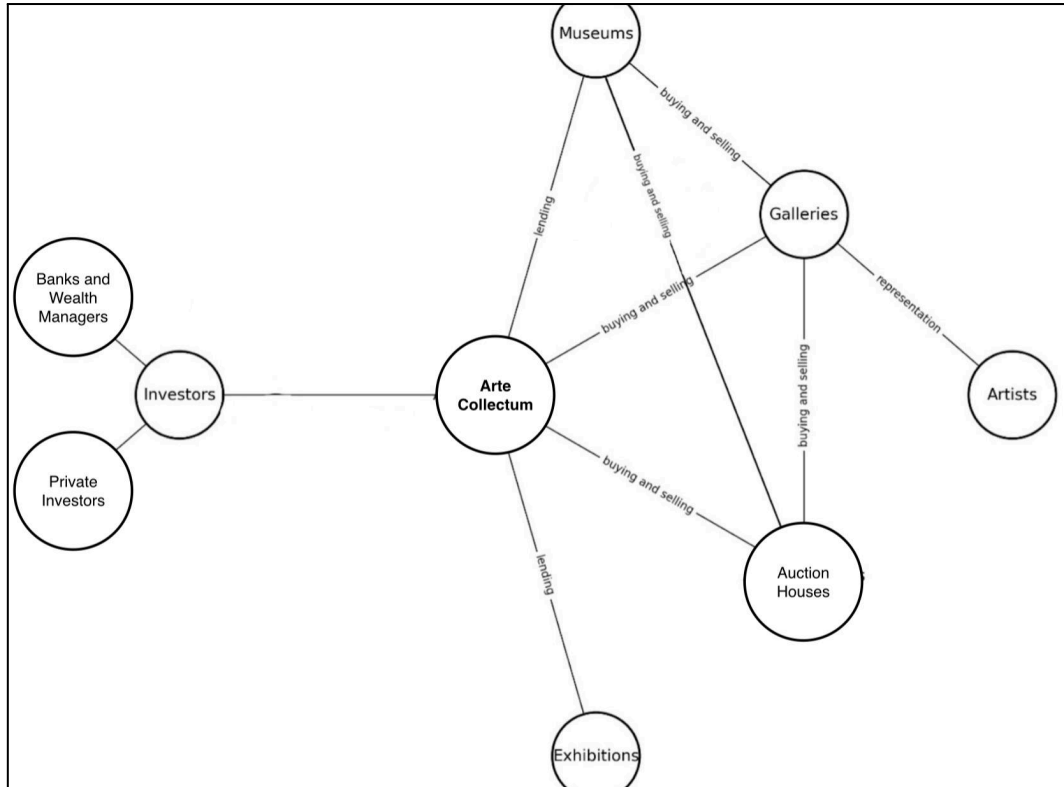


Figure 5.1. Overview of Arte Collectum’s Stakeholder Network

5.2. Stakeholder Perspectives on Value

5.2.1. Historical, Contextual, and Ideological Background

When asked about the nexus of art and finance, Jessica Backsell says:

“The finance world believes that there is something hedonic about the art world and it is this hedonic factor that gives art the potential to be valued to such high amounts. When you try to marry art and finance, a contested mysticism appears – is it real or not? This question in itself has been shown to create value in an artwork, value in the idea that people are divided on the fact of whether it is art or finance that makes it be able to be valued so highly.”

She introduces the background of finance and art being ideologically the polar opposites – the former is interested in creating economic return and the latter claims to have a grounding in an alternative valuation system that moves past the economic value. When one tries to merge

the two worlds, the ‘tiring’ discussion emerges; that the artistic world believes that the financial, economic world undermines cultural integrity because one infuses the artistic market with economic values. At the bottom line, she does not believe that art and finance are compatible, though the nexus exists and it is a man-made contestation that both art-actors and finance-actors benefit from. She explains that a reason for this is that the art world is too large and powerful. Previously, there has been a lack of understanding from the finance side of the power of the art world. She also interprets ‘finance people’ as not so modest, in that they are used to being met with respect in everything that they do.

Backsell also deeply believes that if one invests in art, it should not be for the purpose of maximizing financial return, that there even is something wrong about this. This is because the art market is not built for the purpose of creating a lot of financial return from it. She describes the value for an investor mainly as emerging from being part of a network that cares about and is interested in art: “you get the opportunity to share knowledge, participate in events, gain valuable exchanges with fellow collectors and advice from the fund.”

Backsell also notes that art funds have previously not been successful. One large contributing factor to this is that fund advisors feel that there was an insecurity surrounding regulations and the market. They were afraid that they were buying artwork at a higher price than it was worth. People became too risk averse, and there was not enough trust in the asset. Moreover, the art market does not want more regulation, according to Backsell, and there is a chance that the largest actors in art (galleries, auction houses, and museums) will oppose this. The more one tries to control, the greater the risk is to suffocate what makes the art market the fluid, creative entity that it is. This is partially due to the fact that different actors in the nexus have different interests, and they are driven by different things. Backsell believes that this is something that can be solved by involving actors that are engaged in the art market. The reason why Backsell has more confidence in the future of AC than other funds is because of the people behind the company.

5.2.2. Arte Collectum’s Internal Perspectives

In 2019, Niklas Belenius asked Jonas Höglund if he was interested in starting an art fund and Höglund agreed with the condition that the fund structure had to be highly professional and approved by FI. This was to address the existing skepticism from art and finance professionals, which Belenius and Höglund had witnessed at a seminar the same year. The first step was to establish a Compliance Committee, to create a structure within the

unstructured art world with help from competent actors within finance, law, and accounting. This was to be able to do it “by the book” and thereby create credibility:

“It is extremely important to comply with regulations in such a structure because art as an underlying asset is a very unusual form of investment in Sweden, at least, and one wants to be able to ensure that conflicts of interest are minimized, that one can verify the provenance and authenticity of works, and that there are proper internal processes to handle acquisitions and even sales in fund structures.” (Höglund)

The investment strategy was developed by Lars Nittve concurrently with his agreement to become the Chairman of the Investment Committee. He explains that AC’s acquired works belong to a category known as post-war contemporary, encompassing art from the period after 1945 to the present. The aim is to maintain a balanced representation of both younger and senior living artists. Additionally, the focus is on artists historically overlooked due to factors unrelated to the quality of their art, such as gender, ethnicity, and geography, which have not been favored in the art market.

Nittve has observed a significant radical change in this area over the last five to ten years. The idea is that AC can contribute to a “recalibration of the value hierarchies, both artistically – in terms of the reception of cultural and artistic attention – and in terms of market value of the artists, as these aspects go hand in hand. He states that, today, no one argues that female artists should be valued less than male artists or that they are not as good; on the contrary, a shift toward balance is expected as society moves in this direction. From an investment perspective, there is much greater potential upside and relatively small risk in targeting this area.

Nittve notes several reasons for this approach. Financial logic supports it, but there is also a strong sales argument. As the fund grows and targets institutional investors, such as American universities, values like sustainability, gender, and ethnicity issues become central. Höglund also has a strong confidence in this strategy, and attributes it to the reasons why key players in the fund, such as Gunn, agreed to join. He states:

“We aim to incorporate a social sustainability aspect into our strategy, ensuring that it does not compromise returns but rather enhances them, as we believe this market will deliver the best returns over time. It is our firm conviction that the art of female and minority artists will drive the most favorable price developments in the coming decade.”

This perspective has led to AC being certified as an Article-9 certified, dark green fund, which, in turn, is a positive factor when seeking investors.

In order to practically implement the investment strategy, Höglund states that it is crucial to collaborate with all key components involved in the art world, with a focus on creating value for investors. However, it is essential that all members involved are fully aligned with the social sustainability aspect, recognizing that it drives positive developments not only for society at large but particularly in the art world. AC aims to highlight the artists included in their strategy by purchasing their works and also by facilitating exhibition opportunities at various museums, using AC's contact network, promoting their artistry and their works, and featuring them in publications. This includes their own published book that they have of the acquired artworks and the artists, *Arte Collectum I – Other Stories*, to continually promote a more equitable art market than what exists today. Höglund claims that what creates most value for an artwork is to be featured in a museum, and Nittve recalls a lecture that he attended: “it was stated that if you have two artworks that look identical, by the same artist, made in the same year and of the same size, and one has been featured in a retrospective exhibition at MoMA while the other has no exhibition history, the price difference, or value difference, could be up to 30 percent.” Höglund recognizes the importance of this “symbiosis” of actors in the network; he says: “We do not try to squeeze out as much value as possible for the fund's sake. Nittve has created an exceptionally well-thought-out and well-implemented investment strategy. He has made investors, coworkers, artists, galleries, museums, and the media understand and desire to be part of Arte Collectum and the ongoing recalibration of art history. Nittve has created a symbiosis where all components in the network benefit from this exercise” (see *Appendix III*). Angerlöv adds that when an artwork is lent out, AC does not have to pay insurance, making this yet an important component of their strategy.

Höglund outlines an example of the materialization of the strategy through the story of the artist Wook-kyung Choi. Earlier in his career, Nittve discovered Choi, a female abstract expressionist who, according to Nittve, created remarkable art. He acquired two of her works early in the purchasing process for AC's first fund. Nittve proposed Choi's works to the chief curator at the Whitechapel Gallery, who was organizing a significant exhibition featuring female abstract expressionists from 1940 to 1970. Both pieces were used as the cover image for the exhibition and were prominently featured in all the brochures and subway advertisements. Articles about this prominent exhibition at Whitechapel also appeared,

including in *The Guardian*, which displayed the works and briefly mentioned AC.⁷⁵ This type of exposure for a once-forgotten artist brought into a highly focused exhibition environment, which later traveled to France and Germany, has caused a significant stir and elevated the artist's reputation globally, according to Höglund. He iterates the effects of this event: the gallery from which AC purchased these artworks were highly pleased about how their inclusion in the articles worked with the works acquired. The artist's estate, collaborating with the gallery, showed immense appreciation of AC, because they had significantly raised the artist's profile. This demonstration of an effective ability to highlight the acquired works in exhibition settings enhanced the relationship with the estate and the gallery, encouraging them to continue selling works to AC, perhaps at even better prices in the future.

The previously mentioned book, *Arte Collectum I – Other Stories*, written mainly by af Petersens, has acted as a “receipt of professionalism” of the fund in their ability to highlight the artistry. Höglund states that “the texts about the various artists are very professional, ensuring that the quality of the book maintains a very high international standard. This, in turn, makes the galleries feel even more confident about future collaborations. It also allows us to make museums take notice of the initiative.” One way that the book has been used to create value is to enable exposure in top-tier galleries around the world. Höglund recalls:

“When [Gunn] and I were walking around the Frieze fair last October, we spoke with a contact at a gallery that she has known for a long time. We showed them the book, and they immediately asked for 10 copies because they wanted to distribute them within their global company, leading to greater awareness of our initiative.”

Goldman seconds that there is potential for financial value creation for investors, but does not believe that this is the sole purpose for investing in the fund. He believes the majority of investors to have an interest in art, that those uninterested and lacking knowledge would regard such investments as uncertain. AC has lent artworks to SEB that are displayed in a lounge at their headquarters in Stockholm. A SEB representative told Höglund a story about one of their clients that has invested in AC's first fund. The client visits the lounge about once a month just to enjoy the art. The client mentioned that it would be difficult to invest in similar artworks on their own but is thrilled to own a small share of all of the works in the fund and be able to enjoy them in the lounge.

⁷⁵ Gabrielle Schwartz, “Different strokes: the forgotten women of abstract expressionism,” *The Guardian*, February 16, 2023.

However, Goldman holds a different perspective on the value of the fund for the artist; he reasons:

“I do believe that it is a beautiful thought. Even if they are so-called minority artists, they are still established enough so that they will do well even if Arte Collectum exists or not. When the Öhman Collection was created, we bought that time’s young artists, and supported the galleries in town. I felt like we made a positive contribution to art societies in Sweden. I cannot contest that this fund does this. If we wouldn’t buy their pieces, somebody else would. However, there are ambitions to exhibit the works, such as in SEB’s lounge.”

He finds it interesting and exciting that some of the artists he had never heard of before the acquisitions of AC show up in large international exhibitions and papers such as *The Financial Times*. Nevertheless, the fact that many of the artists have passed away is counterintuitive to him, in that he does not see AC as an effort to support new, young art. In that way, Goldman means that “there is nothing beautiful about it in that sense, it is crass capitalism. I can’t see any large external values either. I don’t think you should pretend that you can either. That would just be pretentious and fake. Sure, there is an effort to support minorities, which has been a trend for many years, at many museums in the western world. In itself, it is a very good thing. Arte Collectum could be seen as an important puzzle piece in this.”

Nittve describes that there exists frictions in the “symbiosis” (see *Appendix III*). He conveys the perspective of some artists:

“Depending on their views on society, politics, and economics, sometimes artists might think, ‘my art comes from the heart,’ and is not for profit, but they are happy if they can make a living doing what is important to them for entirely different reasons. Hence, some artists may feel uncomfortable knowing that people might purchase their works at a price, hold onto them, and later profit from their sale. There are rare cases where an artist’s ideology or an artist’s estate’s ideology about value and art clashes with what Arte Collectum does, which we have experienced in two cases where artists told the galleries not to sell to us. In another case, a gallerist from a large, respected gallery similarly said, ‘I do not want to sell the artist we represent to a fund,’ and the gallerist’s explanation was that they would not benefit from the increase in value, but if they could get a share of the price increase, they might consider it. The dialogue

ended after the gallerist was counter-questioned about if the returns were negative, and the gallerist would then have to pay back the fund, as there must be reciprocity in such cases. Arte Collectum has not purchased anything from this gallerist. From a communicative and ideological standpoint, not everyone speaks the same language.”

Twenty years ago, Nittve believed it was unthinkable for someone who worked at a museum to leave for a position at Gagosian Gallery and then, after five years, apply for a job at a museum again. At that time, moving to the gallery side meant being permanently marked, as if one had gone over to “the dark side,” making it impossible to return to a museum job. Now, there are examples of individuals moving back and forth between museums and galleries. However, it still remains a significant threshold to cross, according to Nittve.

5.2.3. External Perspectives in the Network

5.2.3.1. The Perspective of a Gallerist

Sales Director, Anonymous_M, at a major international gallery (MIG) recognizes the benefits of AC. Firstly, they believe that focusing on minorities and female artists is essential. While museums are increasingly emphasizing this, there is still a need for art collectors and the market to follow suit. Anonymous_M sees AC at the forefront of this correction.

Furthermore, Anonymous_M considers AC not only a great client but also an important collaborative partner. Anonymous_M explains that for the artists that they represent, the ultimate goal is to sell to and be included in museums. Since AC acquires works by these artists and lends their artworks to major museums, this greatly benefits the artists’ careers. Additionally, selling to trustworthy clients like great collectors or museums is a crucial goal for the gallery.

In line with this, the MIG has a right of first refusal clause in their contract with AC, which Anonymous_M describes as “absolutely amazing for us.” This clause allows the gallery to work with the piece again, even after it has been put in museum shows, thus giving them control over the work’s future. Finally, Anonymous_M is confident that AC will eventually become “opinion leaders” in the art world.

5.2.3.2. The Perspective of Financial Entities

One common sentiment expressed in interviews is confidence in the people managing the fund. Anonymous_F, a financial analyst at a major investment bank in Sweden, supports this view, stating, “The governance of the company is very important for its valuation – it is critical that there are ‘good people’ behind the company.”

Picinati di Torcello recognizes that several macro trends have been transforming the art and finance ecosystem, creating new opportunities in recent years. He has observed that art, collectibles, and luxury items comprise a significant portion of the wealth of ultra-high-net-worth individuals (UHNWIs), and has become a part of a “holistic wealth management” approach.

Furthermore, one emerging trend is social impact and social impact investment in the cultural and creative sector. Picinati di Torcello notes that the stock market has developed a position in the green economy and sees similar potential in the cultural sector. He suggests developing investment funds to support the creative sector, thereby creating a sharing economy.

Picinati di Torcello agrees with internal actors at AC that the reason these macro trends are not universally embraced is that “the financial sector is such a regulated environment, and the art and collectables come from an unregulated environment.” He believes that “the more recognition of the importance of the art sector, cultural sector, or creative industry, the better it will be for all the stakeholders in those sectors.” To make art part of a holistic wealth management strategy, the art world must become transparent and trusted, with standardized documentation."

Picinati di Torcello identifies three major beneficiaries of the art and finance nexus:

- 1) *Family offices and private banks that incorporate art and collectables into wealth management.* They benefit for two reasons:
 - 1) There is 2,2 trillion of wealth allocated to art and collectibles that is currently untapped by wealth management.
 - 2) The emotions linked to assets such as art; there is an opportunity to create a special connection to one’s clients. Picinati di Torcello describes art to be “another language, you are sharing passion.” This creates a more intimate relationship, revealing what drives clients. This is important for client retention.
- 2) *Collectors.* Specifically in the interest of increased professionalism around the management of their collections (inventory, appraisal, insurance, documentation, etcetera). To sell something without proper documentation is difficult and is threatening to the legacy of a collection.

3) *Funding and financing of the cultural sector*: Picinati di Torcello explains that, on one hand, philanthropy is evolving, and there is a pool of cash-rich individuals who want to make an “impact.” On the other hand, the cultural sector, especially in Europe, is facing reductions in government spendings. He explains that, different from other business sectors, artists cannot easily get loans from banks because their business is not well understood by the financial sector in terms of risks and cash flow patterns. To solve this, social impact investment models need to emerge to facilitate the move of cash between these entities. To fund this kind of change, one needs to speak a commercial language, ensuring cash-rich individuals that they are making impactful investments through reporting such as CSR, ESG, and other KPIs.

Max Delaoglou, a private banker at Carnegie, confirms that “exotic investment funds” (investment funds that do not correlate with the stock market) are highly sought after by cash-rich clients looking to diversify their portfolios. He finds a sustainable art fund particularly attractive because it can appeal to investors interested in art and is more sustainable than most hedge funds, which are the typical form of alternative investments. An Article-9 fund is even more appealing, as these are the most sought-after and rarest alternative ESG investments. Delaoglou notes the increasing relevance of ESG issues and values a client’s sustainability preferences as much as their risk preferences.

Keeping this in mind, Picinati di Torcello is skeptical about the financial viability of an art fund. He argues that it is costly and that a regulated investment fund structure is too complex for small-scale art investment. He points out that art is not universally accepted as a good investment, viewing it more as a store of value – an alternative capital asset. For instance, he mentions Paul Allen’s art collection, which retained its value, but notes that investing in the S&P 500 would have yielded better returns over the same period. Picinati di Torcello believes that successful art investment requires one to “cleverly combine the emotional passion and the financial approach.”

In the long term, Picinati di Torcello believes that art investment will become more common due to reduced risk and increased standardization in the art sector, making it easier for people to get involved. He also reasons that this will affect the obstacle that is mentality, comparing the Latin world to the Anglo-Saxon world:

“In Latin countries, for example, dealing with art and money is not well understood. In the Anglo-Saxon world, it is more normal. In the Latin world, art is almost holy.

However, everyone benefits from it. It is an economy, the artists want to live from their creations, the galleries want to earn money and so does the secondary artist, the collector prefers to collect something that will keep its value. There is a vested interest for everyone that art keeps its value over time or increases in value over time, except, of course, for cultural institutions that want to buy and exhibit the works.”

5.3. Intra-Network Relationships

5.3.1. Arte Collectum’s Internal Perspectives

The relationships between the actors in the art and finance nexus, which form AC’s network, are emphasized as highly important for the success of the fund. Höglund recalls the key initial stages of AC, which involved securing financing. He used his professional contacts in finance to secure investments and the board. These board members could, in turn, secure investors for AC.

Johan Dettel, one of the board members who had a long career at EQT, reached out to his contact Nittve to secure his place as Chairman of the Investment Committee. Nittve, in turn, reached out to his contact Gunn to also join the Investment Committee. Höglund explains that one of the reasons as to why Gunn became interested in the fund was because “Nittve had already said yes, they had an existing relationship and a lot of respect for each other.”

In the later stages of the fund, according to Angerlöv and Nittve, the galleries have proven to be AC’s most important actors in their network. Angerlöv notes that there are some galleries who do not want to sell to a fund; a gallery usually wants to sell to a known collector or to someone who will hold the artwork for at least ten years, as it reduces the risk of selling it to someone who buys with the intention of re-selling it directly and earn money on it (giving the gallery a “bad” reputation). Because of this, AC has tried to communicate clearly that it holds the artworks during six years and that it, during that period, helps the artist, artwork, and gallery to get exposure through lending out the artwork to museums, for example. AC communicates that it should be a symbiosis and should benefit everyone (see *Appendix III*). Angerlöv says that this needs a lot of introductory communication. As time has passed, the relationships with galleries have improved if they were not already good from the start. Nittve attributes this much thanks to their book, *Arte Collectum I – Other Stories*. Angerlöv

emphasizes the importance in maintaining a healthy relationship with the galleries for two main reasons:

- 1) To be allowed to buy artwork. Galleries usually have a waiting list and sell to those who “deserve” it the most. The members of the Investment Committee are highly respected, which enables access to the artwork. Nittve outlines the following hierarchy in granting access to artwork, placing AC just below museums:

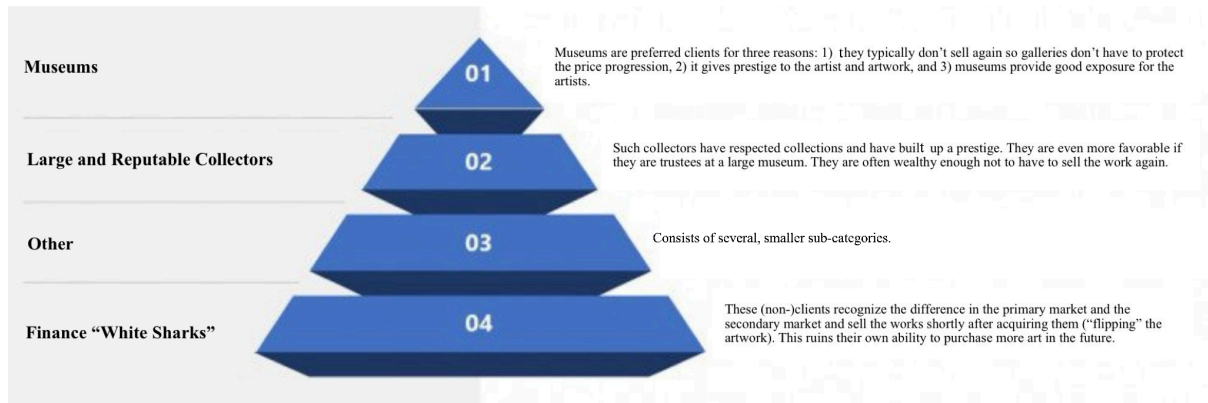


Figure 5.3.1. Pyramid of Purchase Power Hierarchy

- 2) Pre-access to the artwork, as well as potential discounts on the purchase prices.

Angerlöv continues to list important stakeholders in the AC network. Museums, for instance, allow AC to lend out acquired artworks and include AC in their three-year plans. While artists are considered important actors by Angerlöv, Nittve sees them more as shadow actors due to limited direct engagement. Both Angerlöv and Nittve mention an instance where an artist refused to sell to the fund, opposing the concept of art investment. Angerlöv recognizes auction houses as crucial stakeholders in both buying and selling processes. Banks also play a significant role in their potential to invest in the fund as anchor investors or distribute the fund as part of their clients' portfolios. Another important stakeholder is the insurance company, which offers favorable deals to mitigate the usually high costs associated with managing artworks. The final actor in the network is the media. For example, Dagens Industri (DI) has published an article that risked damaging AC's reputation, according to Angerlöv.⁷⁶ She emphasizes the importance of maintaining a good relationship with the media to ensure positive coverage, which is vital for attracting investors.

⁷⁶ Karin Grundberg Wolodarski, "Konstprofilen bakom ny fond," *Dagens Industri*, April 4, 2022.

Angerlöv lists AC's main communication forums as 1) Powerpoint presentations focusing on the strength of the investment and compliance committees, 2) prospects for advisors at banks, 3) at-a-glances (general and sustainability) (see *Appendix III*), 4) a brochure for investors (see *Appendix IV*), 5) a pitch book for investors, 6) their Instagram account (see *Appendix V*), 7) communication with museums and galleries using a "hands-on" approach, 8) *Arte Collectum I – Other Stories* (see *Appendix VI*), 9) events with clients of collaborative banks, and 10) events with private investors.

In the future, AC has been advised by a global bank to focus more on the investment in art rather than the art itself, according to Angerlöv, something that AC would not communicate to artists. In this way, Angerlöv exemplifies that AC chooses what they communicate to different actors holding different perspectives on the art. She gives yet an example of the dialogue with auction houses as art-focused, whereas the dialogues with banks are completely financial.

Angerlöv states that one of the most challenging aspects of navigating the intersection of art and finance is overcoming the preconceived negative views on art as an investment. The art world, including museums, artists, and creative entities, often opposes the idea of art funds and investment. Conversely, the finance world perceives art as highly non-transparent and rife with money laundering. These opposing perspectives create a discrepancy in how value is viewed between the two sectors.

To address the "fuzziness" of the art world from a financial standpoint, AC is regulated by FI and is traded on a stock exchange. This regulation requires extensive documentation and identification from galleries when purchasing artwork. Angerlöv iterates one account of a gallery reluctant to provide such documents, demonstrating uncooperative behavior.

Similarly, Nittve believes that AC has suffered the consequences of these historically differing perspectives. He explains that some art funds and art dealers act as "white sharks" financially, consuming a lot of trust in the nexus of art and finance.

Goldman, coming from the compliance side, has a different take on the same issue. The wrongdoings of past actors have required AC to have a bulletproof set of rules, to safeguard the Rights of Investors and generate trust in the fund. Sometimes, this has been difficult for AC to do, given the limitations that apply in the art market, according to Goldman. For instance, if the fund wishes to buy a smaller artist that has not appeared in the larger auctions, this is usually a less supported decision from a compliance perspective.

5.3.2. External Perspectives in the Network

5.3.2.1. The Perspective of a Gallerist

Anonymous_M supports Nittve's notion that the gallery has a preference for certain types of clients. The main criterion for selling art is a client's "passion for art." Clients who have exhibited misconduct, such as "flipping" and selling art shortly after purchasing, are blacklisted and not allowed to buy from the gallery in the future.

Anonymous_M and Belenius have been close friends for years and had a professional relationship before AC. Anonymous_M "trusts [Belenius] blindfolded," and, along with the MIG, has always positively supported AC. They hold a positive view of the Investment Committee, stating that "they are all very good at what they do in their own way." Nevertheless, the gallery ensures that any sale is supported by the artist or the estate. The shared perspective so far has been that the collaboration between the gallery and AC is valuable for all parties.

5.3.2.2. The Perspective of Financial Entities

According to Angerlöv, AC relies heavily on the investment of banks and being included in their clients' portfolios. The communication between AC and the banks is strictly financial. The banks conduct due diligence on the fund and collaborate to create financial value.

6. Discussion and Analysis

6.1. Arte Collectum's Creation of Shared Value

One of the key selling points emphasized by AC employees and actors within its network is the positive impact of AC on its broader network, not just its direct customers. This indicates an intention to create SV. A discussion should focus on the value created for each stakeholder identified in the empirical data:

Artists: The underlying assets invested in by the fund are artworks created by artists. These assets are expected to generate ROI for AC's investors. The value for artists, particularly minority artists, is exemplified by the case of Wook-kyung Choi. This "forgotten" artist was reintroduced to the art scene following AC's acquisition and subsequent lending to a high-profile exhibition, gaining exposure in *Arte Collectum I – Other Stories* and major news channels. If the artist were alive, as with other artists whose works are acquired by the fund, this would provide them with funds to continue their artistry, increase the value of their artwork (following Nittve's notion of a 30% increase in value

post-feature in a museum exhibition), and gain artistic recognition. However, Goldman acknowledges that AC's level of investment does not significantly impact underrepresented artists, suggesting that these artists are already successful and would have been without AC. Similarly, Nittve notes that some artists decline associations with the fund, as it contradicts their philosophy that art should "come from the heart" and not be created solely for profit.

Auction houses benefit from business opportunities when the fund decides to buy and sell artworks, through the provision of buying and selling services.

The galleries, as outlined by Anonymous_M, gain an increase in revenue from the purchase of works. Additionally, if AC becomes an opinion leader, as Anonymous_M suggests, the demand for works from the MIG will further increase. Beside profit, the MIG highly values their artists and the future success of their artworks. AC contributes to this by lending the artworks to museums for recognition and including a first right of refusal clause in the purchasing contract.

Recent macro trends in art and finance, as outlined by Picinati di Torcello, have enabled *wealth managers and private bankers* to access significant wealth allocated to art and collectibles. Due to the increasing demand for art and finance, as well as the demand for sustainable investment through Article-9 funds, wealth managers and private bankers can greatly benefit from a fund such as AC. Additionally, the emotional appeal of art helps to ensure client retention.

The art world in general benefits from the fund, which can serve as a social impact investment model. It facilitates the transfer of funds from philanthropic, cash-rich individuals to the culture sector in need of financial support.

Investors: While the primary hope is for a financial return on the investments made into the art, many interviewees emphasize that this is not, and should not be, the only value of investment. AC also offers the opportunity to cultivate an interest in art and engage with its network.

Porter and Kramer suggest three ways to create SV: 1) reconceiving products and markets, 2) refining productivity in the value chain, and 3) enabling the development of local clusters.

Reconceiving products and markets. Hills et al. suggest that impact investing is one way of reconvening products and markets.⁷⁷ AC has embraced a reconception of valuable art, finding it in works by women and minorities. Additionally, they have reimagined the concept

⁷⁷ Greg Hills et al., "Shared Value in Emerging Markets: How Multinational Corporations are Redefining Business Strategies to Reach Poor or Vulnerable Populations," FSG, September, 2022.

of an art investment fund, arguably as a “social impact investment model,” by aligning the core business of the fund with societal needs.

Redefining productivity in the value chain. Understanding the value chain is primarily seen through its collaboration with its “most important” stakeholder – the galleries. According to Nittve’s Pyramid of Purchase Power Hierarchy (see *Figure 5.3.1.*), financial entities typically occupy the bottom tier. However, through its social impact strategy, AC has managed to ascend this pyramid, as noted by Anonymous_M. By incorporating galleries into its value chain, AC benefits from their expertise and network just as much as the galleries benefit from AC’s investments and support. This approach aligns with the procurement domain of transforming the value chain (which includes energy use and logistics, resource use, procurement, distribution, employee productivity, and location). Solving a societal problem in this way also leads to increased company productivity.

Enabling local cluster development. We accept Hills et al.’s prompt to depart from the definition of Porter’s (1998) definition of a cluster: “Clusters are geographic concentrations of interconnected companies and institutions in a particular field,” rather focusing on the fact that what permeates local clusters is ‘good’ collaboration and sharing of assets and resources, like knowledge, insights, and skills, regardless of the field that the actor operates in or the geographical location of the actor.⁷⁸ Thus the definition becomes: “Clusters are concentrations of interconnected companies and institutions.” AC operates worldwide, engaging with numerous institutions and businesses. Despite its global reach, it has successfully entered and established itself within a network that it both influences and is influenced by.

In more practical means, AC’s efforts can be examined through the building blocks of CSV, as proposed by Valerie Bockstette and Mike Stamp⁷⁹:

⁷⁸ Michael E. Porter, “Clusters and the New Economics of Competition,” *Harvard Business Review*, 1998: 78.; Greg Hills et al., “Shared Value in Emerging Markets: How Multinational Corporations are Redefining Business Strategies to Reach Poor or Vulnerable Populations.”

⁷⁹ Valerie Bockstette and Mike Stamp, “Creating Shared Value: A How-to Guide for the New Corporate (R)Evolution,” 2011.

The Building Blocks of Creating Shared Value		
Building Block Category	Definition	Application
Vision	<p>An explicit vision of the company as an engine for CSV</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Engagement by board and senior leadership is integral 	<p>AC’s vision is to create financial return for customers with social impact within the art scene, enabled by a strong investment and compliance committee dedicated to credibility in both art and finance.</p>
Strategy	<p>A robust strategy that identifies a clear focus and articulates ambitious goals</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Key issues of SV are prioritized <input checked="" type="checkbox"/> Ambitious SV goals are set 	<p>AC’s investment strategy was primarily crafted by Lars Nittve and is summarized in AC’s “At-a-Glance” (see <i>Appendix III</i>). There is a financial goal of a 2x/12% target return after fees. Despite profit-driven investments, supporting “equality and justice in the art market – thus enabling social sustainability” is also prioritized, by the investment in women, minorities, and senior artists.</p>
Delivery	<p>Effective delivery that leverages assets and expertise across functions and business units within the company, as well as from external partners and stakeholders</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Array of assets leveraged, including cash, goods, expertise, and influence <input checked="" type="checkbox"/> Efforts are managed holistically across the company <input checked="" type="checkbox"/> Partners are mobilized for information and action 	<p>Both financial and SV goals are facilitated by art investments and loans to museums worldwide, making use of the aforementioned stakeholders in the network. The main assets leveraged are the connections, influence, and expertise of the Investment Committee, as well as the meticulousness of the Compliance Committee.</p>
Performance	<p>Management for performance that seeks to measure and learn from results, bring successful efforts to scale, and communicate progress</p> <ul style="list-style-type: none"> <input type="checkbox"/> Relevant results actively measured <input type="checkbox"/> Learnings from engagement used <input checked="" type="checkbox"/> Successful efforts brought to scale <input type="checkbox"/> Performance communicated internally and externally 	<p>As Picinati di Torcello mentions, investors looking to make impactful investments want to make sure that it is materialized. Given the early stages of the fund, such data is not readily available for analysis nor communication. Nevertheless, the use of the Instagram platform to promote the artists as well as annual reports are used to communicate progress in any manner possible (see <i>Appendix V and VII</i>).</p>

6.2. Arte Collectum’s Approach to Capturing Shared Value and Managing “Misalignments”

Parida et al. argue that there is a distinct difference in value creation and value capture in the business model of a company.⁸⁰ AC captures financial value in three main ways: 1) purchasing works that the Investment Committee believes will increase in value, 2) lending to museums to reduce costs of transportation and insurance, as well as increasing the value of the artwork as per Nittve, and 3) securing investors and enabling financial exchange relationships with stakeholders by creating credibility from *Arte Collectum I – Other Stories*.

Nevertheless, Picinati di Torcello offers an argument that AC may not be able to capture financial value through the investment in art in an effective manner. He says that research is divided on whether art is a good investment or not. This is even more of an issue in a regulated environment such as that of an investment fund. The high management fee of 2.5% for the investors puts yet a strain on the investment.⁸¹

There is an argument that the tensions between the regulated and unregulated environments are significant enough that the latter cannot accommodate a structure with high ROI expectations. These tensions highlight a limitation in the concept of SV, as it can overlook barriers to SV creation within an ecosystem. For instance, one criticism is that CSV as a concept ignores the tension between business and social goals, being based on “a ‘shallow’ conception of the corporation’s role in society.”⁸²

Backsell extensively outlines the historical and ideological background of art and finance, arguing that they are not compatible. Nevertheless, there is undoubtedly a nexus between them that exists. Picinati di Torcello highlights recent macro trends that underscore this emerging nexus.

The presence of “hedonic” or even “holy” and financial interpretations of values increases the likelihood of discrepancies between the processes of value creation and value capture for different stakeholders. This “misalignment” leads to tensions on one of two key levels for AC: between the organization and its external stakeholders. The main tension revolves around the idea of profiting from artwork, with concerns from the creative world that this occurs in a “white shark”-manner that disrespects artistic value. This tension has even led to deals being canceled between AC and galleries, creating an obstacle for AC to

⁸⁰ Sjödin et al., “Value Creation and Value Capture Alignment in Business Model Innovation.”

⁸¹ Karin Grundberg Wolodarski, “Konstprofilen bakom ny fond,” *Dagens Industri*, April 4, 2022.

⁸² Crane, Andrew, Guido Palazzo, Laura J. Spence, and Dirk Matten. “Contesting the Value of ‘Creating Shared Value.’” *California Management Review* 56, no. 2 (2014).

invest and resulting in a discrepancy between the intent to create SV and to capture it. To create ‘alignment,’ there is a deep need for communication, a challenge exacerbated by the lack of specific KPIs for the social impact created. AC navigates these tensions and aligns the value creation and value capture processes, as well as their relationships with external stakeholders, through five main strategies:

1) As an overarching pattern seen in the work and processes of AC, it is permeated by connections and relationships. In the initial stages of the establishment of AC, the co-founder and CEO used solely his contacts by, for example, bringing in the, in the art world, well-reputed Nittve to the Investment Board. For AC to continue bringing in valuable employees, the contacts continued to be of utmost importance. Only because Nittve had already boarded the fund and the fact that he and Gunn had a strong relationship with much respect for each other did Gunn decide to join as well. This is in line with the concept of stakeholder capitalism and what Freeman (1997) suggests that businesses should focus on all stakeholders in the value creation process and not just shareholders.⁸³ Instead of focusing solely on creating value for the shareholders of their fund, they create value for them through focusing on maintaining their connections and cultivating strong relationships with valuable and high-regarded people within the art world. Anonymous_M says that galleries are businesses because they have to create value and make profit, and because of this, one can argue that the discussion of whether the art world being romanticized and separate from the finance and business world is unnecessary as they are already intertwined – a gallery sells artworks and operates as a business. It is, however, difficult to navigate this intersection because it is heavily based on relationships and knowledge – “no other business area functions like the art world because it is so heavily based on information that one can only gain through one’s connections.” With these capabilities, however, trust and comfort is instilled across the entire network. However, the main tension remains; there is a lack of ideological and communicative alignment and not everyone “speaks the same language” (Nittve).

2) Credibility is instilled from the perspective of those from the finance side through the creation of a compliance committee, in order to accommodate any insecurities of this unusual form of investment in Sweden.

⁸³ Freeman, R. Edward, and Jeanne Liedtka. “Stakeholder Capitalism and the Value Chain.” *European Management Journal* 15, no. 3 (June 1997): 286–96.

3) Similarly, credibility and trust is instilled through the transparency that is coupled with being publicly traded on the stock exchange and regulated by FI.

4) *Arte Collectum – Other Stories* instills credibility and trust to artists and the art world, serving as a testament of AC's central strategy of providing exposition of the artists and artworks that it has acquired.

5) The building blocks of CSV can be directly compared to the stages of VP formation according to (BMI): creating, delivering, and capturing value.⁸⁴ It is vital to ensure 'alignment' among these stages, meaning that each element should complement the others effectively.⁸⁵ One manner to do so is communication with different stakeholders conducted by formulating different VPs. As the different stakeholders in AC's network have different interests and roles in the network and value creation process, it is important that AC does not "step on someone's toes" (Anonymous_M). In terms of stakeholders from the art world, such as galleries and museums, it is important not to focus too much on the business aspect in communication and thinking, but rather on the art itself. Conversely, for stakeholders from the finance and business world, the emphasis should be on the business and investment aspects. This approach ties into the communication between AC and the stakeholders in its network. AC manages these often conflicting interests, roles, and value perspectives by adapting their communications, formulating different VPs, and focusing on different aspects of AC's offering and value creation for the different stakeholders. For stakeholders in the art world, AC has focused on and communicated the value in terms of the art itself, while for stakeholders in the finance world, they have emphasized the value of investing in art. However, until now, they have predominantly focused on the art itself rather than the investment aspect. Following a suggestion from a global bank to enhance the success of closing financial partnerships, AC will shift to emphasizing the investment in art for stakeholders in the finance world. This approach aligns with recent literature, which suggests that organizations should develop different VPs to meet diverse stakeholder expectations.⁸⁶

⁸⁴ Osterwalder and Pigneur, *Business Model Generation*.; Parida, Sjödin, and Reim, "Reviewing Literature on Digitalization."; Teece, "Business Models, Business Strategy and Innovation."

⁸⁵ Nicolai J. Foss and Tina Saebi, "Business Models and Business Model Innovation: Between Wicked and Paradigmatic Problems," *Long Range Planning* 51, no. 1 (2018): 9-21.; Thomas Ritter and Christopher Lettl, "The Wider Implications of Business-Model Research," *Long Range Planning* 51, no. 1 (2018): 1-8.; Sjödin et al., "Value Creation and Value Capture Alignment in Business Model Innovation," 60.

⁸⁶ Ooi and Husted "Framing Multi-Stakeholder Value Propositions: A wicked problem lens," *Technology Innovation Management Review* 11, no. 4 (May 2021): 26-37.

6.3. The Purpose-Driven Open Business Model – A Tool for Creating Shared Value

AC's business model and investment strategy revolves around one concept iterated by Höglund: "The social sustainability does not compromise returns but rather enhances them." This materializes in two ways, as per Nittve's predictions: 1) investing in women and minorities is attractive as sustainability, gender, and ethnicity become more attractive and important for society and 2) the art market is moving in this direction (financial aspect).

Building their business model around this implies an automatic link between financial return and social impact.⁸⁷ The type of business model that AC adopts is an OBM, conducted through leveraging external resources that the business does not possess internally and cultivating strong relationships with and trust among external partners. AC employs individuals as members of both the investment and compliance committees, but the core of their business and value creation relies on collaborations and partnerships with external resources and actors, such as galleries and museums. Successfully forming profitable and advantageous partnerships depends heavily on AC's reputation in the art world. Galleries, in particular, are AC's most important stakeholders and typically maintain a waitlist for potential buyers of their artwork. This waitlist is based on the galleries' assessment of who "deserves" to buy from them the most. This determination is grounded in the buyer's reputation, which is influenced by their "passion for art" rather than an intent to "flip" the artwork (buying to sell it immediately for a higher price). Those known for "flipping" are blacklisted by the galleries. Factors such as the buyer's background, achievements, and connections in the art world also play a crucial role. AC's Investment Committee members are highly respected in the art world, with backgrounds including positions as museum directors. This respect places them at the top of the waitlist, enabling them to purchase from the galleries.

All actors in the network play an important role in the value creation as the process is based on CI. CI emphasizes the diverse activities executed by the different stakeholders in the large collaboration which is demonstrated by the different stakeholders engaging in mutually reinforcing activities through focusing on their unique assets, resources, skills, and expertise, meaning that each actor focuses on a different aspect in the value creation process.⁸⁸ It can, however, be challenging to reach 'alignment' and formulate a common agenda with multiple

⁸⁷ George and Schillebeeckx, "Digital transformation, sustainability, and purpose in the multinational enterprise," *Journal of World Business* 57, no. 3 (February 2022).

⁸⁸ Kramer and Pfitzer, "The Ecosystem of Shared Value," 80–89.

and diverse stakeholders such as in AC's network.⁸⁹ This is, however, one key factor for the success of CI which resonates with what Höglund states regarding the importance of all members involved in the collaborative nature of AC's work to be fully 'aligned' with the social and sustainability aspect of AC. Another key factor that Kramer and Pfitzer argue is needed for the success of CI is the presence of dedicated "backbone" support to guide vision and strategy, support activities, establish shared measurement practices, build public will, advance policy, and mobilize resources, ensuring that all actors remain 'aligned' and informed.⁹⁰ This is something that has not been found in the network of AC through this study.

7. Conclusion

In our pursuit to describe and analyze the potential to create SV in the art investment fund Arte Collectum's stakeholder network, we have found that AC is evidently part of a business ecosystem as it is a purposeful business arrangement between several entities to create and share in collective value for a common set of actors.⁹¹ Although AC's official customer is the investors of its fund, AC has several and diverse kinds of stakeholders where AC's purpose is to create value for all of them and the value created is shared among them. For example, AC purchasing an artwork for their fund and then lending it out to a museum will increase the value of the artwork, generating value for the artists, galleries, and/or museums in contributing with artworks, as well as the shareholders of the fund in terms of higher ROI. Considering the banks, if AC is included in the banks' clients' portfolios, this will also create more diverse portfolios that the banks can offer their clients and value for AC as it generates more investments. Lastly, considering the auction houses, a reciprocal value creation is true there as well in that AC contributes with artworks to the auction houses and the auction houses are a resource for AC being able to purchase and sell artworks after their life cycle under possession of AC. Evidently, the business of AC and its collaborations creates a 'win-win-solution' which is in line with the aim of the OBM and CSV.⁹²

The characteristics and success factors for AC's work are threefold: they are based on connections, relationships, and reputation. Without the necessary connections with highly regarded and reputed people within the art world, AC would not have been able to initially

⁸⁹ Ibid.

⁹⁰ Ibid.

⁹¹ Sarafin, "What business ecosystem means and why it matters,"

⁹² "Open Business Model," Learning Loop.

secure its employees and later sustain its business. For the collaborative art world, and the art investment fund that AC is with the integration of the finance world, the business is a highly collaborative one. AC collaborates with external actors such as museums, galleries, auction houses, and banks, which places an importance on cultivating strong relationships for the access, survival, and success in this ‘new world’ – ‘art and finance world.’

7.1. Do different stakeholders in Arte Collectum’s value network have different interpretations of the value that Arte Collectum provides? If so, what are they?

There are conflicting, differing perspectives on the value that AC provides each stakeholder, partly because they are different in nature, and partly because some may possess different inherent ideological perspectives. This thesis has disclosed that AC can create value for artists by promoting their artwork. Nevertheless, some artists have the interpretation that a profit-seeking entity rather damages the artistic value of the works, and there are also perspectives that the artists in the fund are established enough that AC’s efforts have little effect, despite intent. Auction houses gain value from AC’s business model through buy and sell commissions at the start and end of the fund’s life. Galleries gain a sustainable relationship with a client that takes care of the works by its represented artists, and also revenue from purchases. Wealth managers and private bankers gain a more intimate relationship with their clients as well as fees. Furthermore, the creative and cultural sector, in general, receives more investment activity, in times where government funding is decreasing. Finally, investors can get financial gain and also a culture and community around their passions and interests.

7.2. Are there tensions between the different stakeholder interests in the value network? If so, what are they?

There are 1) tensions between different stakeholder interests in the value network stemming from the inherent differences in nature between art and finance, in the different definitions of value as “hedonic” versus financial. As mentioned previously, there are tensions between the fund and some galleries and artists that feel threatened by the profit incentive that is implied by an investment fund. Furthermore, there is 2) a tension between the regulated and unregulated market that is finance and art. 3) When enforcing a financial entity into the art world, the methods and processes are at times not compatible and sometimes unwelcome. There is 4) an additional tension stemming from the galleries’ worry that a client will “flip”

artwork, damaging the value of the artwork. Finally, there is 5) a worry from the financial perspective that of the extent to which the art market is unregulated, and that they do not have control over it – creating the view that it can be a risky investment.

7.3. How does Arte Collectum handle the tensions?

AC handles the aforementioned tensions in three main ways: 1) adapting their VPs and their communication to different stakeholders depending on their value perspective, 2) enforcing trust and credibility, using the book *Arte Collectum I – Other Stories* on the art side and having a compliance committee as well as being regulated by FI on the financial side, and 3) using the competence and reputation of the Investment Committee to create relationships and ‘bridges’ over the barriers caused by tensions.

8. Implications and Further Research

8.1. Implications

The Key Factors of Collective Impact

Kramer and Pfitzer argue for five key factors to be present for CI to achieve its aims. AC seems to pursue two of these: the first being mutually reinforcing activities through its diverse stakeholders in its value network holding different roles and the second being constant communication in its efforts to cultivate and care for its relationships and in creating marketing material such as its book, *Arte Collectum I – Other Stories*. It does, however, lack a shared measurement system and dedicated “backbone” support. Additionally, although AC acknowledges the need for ‘alignment’ and a common agenda among its stakeholders, we have, through this study, provided evidence that there are still tensions and barriers between the art and finance worlds. For the success of AC, other art funds, and other CI projects, it could thus be advantageous to formulate and integrate shared measurement systems where all actors agree on indicators that determine how success should be measured and reported, such as new KPIs, and an actor with the role of ensuring constant ‘alignment’ among the stakeholders in the network.

Connections, Relationships, and Reputation in the Art World

For professionals, such as art collectors, gallerists, and museum directors, or people new to the art world, it is important to first know how it functions. As a general description of the art world, core pillars and characteristics of it are connections, relationships, and reputation. For

being able to succeed in, but first of all enter, the art world, one must have connections. The work in this world is heavily based on and functions around one's connections, and the 'better' connections one has, the more advantages and easier one will have to access the world and everything that it encompasses. The second pillar concerns the importance of cultivating one's connections and maintaining strong relationships with them. As the art world is based on trust and credibility, the more transparent the relationship is and the more it is based on respect for each other, the more will one gain from the relationship. The third pillar concerning reputation in the art world is important as the more reputed one is, the easier one will have to access the core aspects and resources in this world. There are high standards and requirements in the art world and AC is, for example, only placed in the top of the galleries' waitlists for purchasing artworks from them because of the high reputation of the employees in AC.

Creating Trust and Credibility Through Communication

The key to establishing oneself in an ecosystem with the intent of CSV is to create trust and credibility; both in terms of being professional, for instance, emanating transparency and competence, but also in terms of the impact that one makes. One needs to be able to communicate the specific and materialized impact of the efforts by developing measures of social impact. This includes the development of new KPIs.

Adaptive Communication Dependent on Varying Interests in the Network

Another aspect that can be an effective practice in the new, emerging world of integrating art and finance and one actor in it – art funds – is to formulate and pursue adaptive communication dependent on different interests in the business' network. As we have provided evidence in this study of there being a presence of different interests in this new, emerging world, it is first of all important to acknowledge this and then to formulate solutions to solving it. In this study, we have provided an example of one such solution – adapting the communication to the type of stakeholder in the network. For example, AC formulates and communicates one type of VP to actors from the art side – auction houses, galleries, and museums – focusing on the art in itself and partnering with AC, while it simultaneously formulates and communicates another type of VP to actors from the finance side – private investors and banks – focusing on the investment in art and the potentials from investing in AC.

As artists want to be able to live on their creations, the galleries want to earn money, and collectors want to collect something that keeps its value, there is a vested interest for all

these actors that art keeps its value or increases in value over time. A further suggestion for art funds to enter partnerships and gain investors is thus to be transparent and more open in communicating the value that they provide in exposing and increasing the value of the artworks hold as this will demonstrate why one should partner and invest in an art fund such as AC.

Investing in art is also something complex and needs to be conducted in a way that is not just about the investment but also about the hedonic value. In types of assets such as art, there is a lot of emotion embedded. A suggestion for the success of attracting investment in art is thus to create a special type of connection to one's clients connected to the sharing of passion and discovering what drives them. This will create a deeper bond, helping to cultivate a strong relationship, which is important in retaining clients.

The Increased Regulation of the Art Market is Promising for Art Investment Funds

As the integration of art and finance is a new and emerging practice, the understanding of why it has not been pursued at a large scale before, why there has been no impressive examples in the past, and what it requires for it to become a success and be able to be sustainable is useful. Picinati di Torcello states that, for the concept of an art fund to succeed, and be able to compete with a conventional fund, the art market needs to reach a higher level of regulation, integrating practices similar to the regulated finance world regarding transparency, reporting, and regulations. The more the art world becomes transparent, trusted, and standardized, the more prosperous the art and finance nexus will be.

8.2. Limitations and Further Research

The dialogue in this thesis has left loose ends that encourage future research. These areas not only extend the dialogue between finance and art but also explore broader implications. Firstly, the scope of this study did not allow for a comprehensive coverage of an art investment fund's network – it expands beyond the accounts of this thesis. Hence, the concept would benefit from further research, delving deeper into the ecosystem reaching further complexities. There are more research opportunities:

Exploring further tensions in terms of the regulation of markets. Future research could delve deeper into the dynamics between regulated and unregulated markets. In terms of the art market, it would be particularly rewarding to analyze how the integration of art and finance has evolved over time, how perspectives and attitudes have evolved (if they have), and if this has influenced SV creation opportunities.

Broadening the scope to other sectors. While this thesis focuses on art, subsequent studies could investigate the concept of CSV in other sectors. For example, the environmental sector and other cultural industries, such as music, offer fertile ground for applying SV principles. The music fund created by Björn Ulvaeus from ABBA, Pophouse, could serve as a case study to examine how SV is implemented in the music industry and its impact on artists, investors, and communities.

Measuring shared value. One of the critiques of the concept of CSV is the challenge associated with its measurement. Further research is needed to develop robust methodologies that can quantitatively and qualitatively measure how shared value is realized. This research could focus on identifying specific metrics that effectively capture the economic and social benefits generated by CSV initiatives.

Longitudinal studies on social impact investment funds. An ongoing study of art investment funds, such as AC, could provide valuable insights into the long-term impacts of these funds. AC's first fund has not surpassed its investment term, so there is opportunity for research to continue beyond the life of the funds to evaluate the sustained effects on the art market and the broader community. This approach would allow researchers to apply newly developed shared value measurement tools to assess the effectiveness of these investment models over time.

Appendices

Appendix I. Description of Interviewees

Interviewee	Company/Role	Nature	Description
Lars Nittve	Chairman of Investment Committee, Arte Collectum	90 minutes, digital, recorded in Swedish, transcribed in English.	<p>Lars Nittve began his career teaching art history as a doctoral candidate and writing art criticism for Svenska Dagbladet, after which he moved to New York to contribute to Artforum and work on his doctoral thesis. He later returned to Stockholm to serve as the Chief Curator at the Moderna Museet, where he remained for four years as the acting museum director. In 1991, Fredrik Roos, a financier and one of Europe's leading art dealers, commissioned Nittve to establish an art gallery in Malmö, a position that he held for five and a half years.</p> <p>Subsequently, he was offered the directorship at the Louisiana Museum outside Copenhagen, where he stayed for three years. Following this, he received an offer to move to London and oversee the creation of what would become Tate Modern, where he became the inaugural director. After this period, Nittve served as the director of Moderna Museet for the maximum term of nine years. He then received an offer to move to Hong Kong to develop a museum named M+, where he stayed for six and a half years. Upon returning to Stockholm, Johan Dettel from the Arte Collectum board approached him to join their team. Nittve currently serves as the Chairman of the Investment Committee and is a partner at Arte Collectum. He is regarded as one of the top five museum professionals of his generation.</p>
Anonymous _M	Sales Director, major	30 minutes, digital,	Anonymous _M studied art history and works as a Sales Director at a major international gallery.

	international gallery (MIG)	recorded and transcribed in English.	
Vendela Angerlöv	Operations Associate, Arte Collectum	#1 30 minutes, digital, recorded in Swedish, transcribed in English.	Vendela Angerlöv has a BSc in Retail Management from the Stockholm School of Economics, where she was part of the Art Division, and a Master’s degree in Art History from the University of Saint Andrews in Scotland, where she gained insights into the art world. Following her studies, Angerlöv spent six weeks in Paris on an exchange program, where she gained further insights into museum clientele. Upon returning to Sweden, she joined Arte Collectum as Fund Administrator. She is now Fund Operations Associate at Arte Collectum, working closely with the CEO Jonas Höglund and the Investment Committee.
		#2 30 minutes, digital, recorded in Swedish, transcribed in English.	
Jonas Höglund	Co-Founder and CEO, Arte Collectum	45 minutes, digital, recorded in Swedish, transcribed in English.	Jonas Höglund is a co-founder of Arte Collectum alongside Niklas Belenius and also serves as its CEO. He attended college in Texas, USA, and later worked as an insurance broker. Since returning to Stockholm in 2007, he has worked in securities commissions, focusing on various investment solutions with an emphasis on distribution. He pursued this career for a decade before starting his own company, which still exists today and is managed by a former colleague. Named Kapital Invest, it began as a small advisory service and eventually evolved into a private banking firm. Jonas sold his shares to his then-colleague in December 2021 to dedicate all his time to Arte Collectum.

Richard Goldman	Compliance Committee and Investor, Arte Collectum	30 minutes, in person, recorded in Swedish, transcribed in English.	Richard Goldman has an extensive background in finance, having worked in finance for 35 years. Educated with a degree in Business and Economics from the Stockholm School of Economics, he began his career in investment banking immediately upon graduation. Upon his return to Stockholm from a professional career in London, he invested in a specialized investment bank called Redeye, which focuses on Healthcare and Technology. In addition to his financial expertise, he has a deep-rooted interest in art, inherited from a family passionate about the subject, stemming from his great-uncle, Isaac Grönwald. He was tasked with building up the Öhman Foundation Collection, a contemporary collection of Swedish art from the 1980s. He is also a collector himself. His profound knowledge of both finance and art led Niklas Belenius to invite him to join Arte Collectum. Initially, he served as a sounding board for financial and fund-related advice for Belenius and Höglund, and later, it was a natural progression for him to join the Compliance Committee as the project developed.
Anonymous _F	Financial Analyst	30 minutes, in person, recorded in Swedish, transcribed in English.	Anonymous _F has a BSc in Business and Economics from the Stockholm School of Economics, and is a financial analyst at a Swedish financial services group providing securities brokerage, private and investment banking.
Max Delaoglou	Private Banker, Carnegie	30 minutes, digital, recorded in Swedish, transcribed in English.	Max Delaoglou has a BSc in Economics and has, since his graduation from Stockholms University, worked at Carnegie Investment Bank, now as a private banker.

Adriano Picinati di Torcello	Global Art and Finance Director, Deloitte	60 minutes, digital, recorded and transcribed in English.	<p>Adriano Picinati di Torcello works at Deloitte and was instrumental in founding their Art and Finance sector in 2008, where he serves as Director. Art and Finance at Deloitte is a comprehensive ecosystem focusing on three main sectors:</p> <ol style="list-style-type: none"> 1. Finance, specifically wealth management. 2. The visual arts sector, which includes artists, primary and secondary markets, art professionals, and art and tech companies. 3. The cultural sector, encompassing cultural institutions at the city, regional, or country level that aim to develop cultural and creative activities and industries. <p>This initiative positions Deloitte as an industry-specific leader, allowing the firm to deploy its full range of services across consulting, tax, auditing, and, in some countries, legal services.</p>
Jessica Backsell	Postdoctoral Affiliated Researcher, Stockholm School of Economics	30 minutes, digital, recorded in Swedish, transcribed in English.	<p>Jessica Inez Backsell is a postdoctoral researcher examining the interaction between facts and values in a “post-truth” society. She is currently developing a book to be published by Sternberg/MIT Press and has been honored with a Wallander scholarship. Jessica investigates how certain practices known for creating disputes can lead to specific outcomes, particularly focusing on their impact in political and academic contexts. In her doctoral thesis, Backsell analyzed the art market, particularly the tactics that sustain the mystique of items traded within it. She describes these tactics as rational manipulations, or “magic.” Here, “magic” refers to a type of “truth distortion” that leverages practices which simultaneously conceal and reveal “evidence,” thereby generating widely recognized but unspoken truths.</p>

Appendix II. Consolidation of Interview Questions

1. What do you do for a living? What is your job title? What is your education?
2. What does your organization/company do? Do you have a value proposition? What is it?
3. How many people work there? What are their different roles?
4. What does the organizational structure of the company look like?
5. Do your operations entail collaboration with any other entities?
6. Who are the stakeholders in the Arte Collectum network?
 - a. What are their main interests?
 - b. Which stakeholders represent these interests (specific people)?
 - c. Do you feel like some of them conflict? Compliment? Work well together?
7. What has Arte Collectum achieved so far – what is your current status? What are the next steps?
8. What did the process look like when creating the first fund? From initial stages to the closure of the fund.
9. What are your job tasks in the organization?
10. What do you consider the biggest challenges in navigating the art and finance intersection?
11. What do you believe are the biggest challenges or obstacles in integrating the two fields of art and finance?
12. If you have felt any resistance or skepticism at all, has this come from the art world, the finance world, or both, concerning the integration of the two?
13. What do you perceive are the differences between working in one sector and working in a business integrating several sectors?
14. Who do you classify as your most important stakeholders?
15. Why did you start Arte Collectum? What was the vision? What value creation opportunities did you see?
16. What was the process of starting Arte Collectum in the initial stages? Who were the key actors involved?
17. What was your vision for Arte Collectum? What type of value did you want to create? Is this different now?
18. What was the vision for the business model? How did you plan to become profitable? Has this changed?

19. What are the different perspectives that you need to consider?
20. Did you have different value propositions for different stakeholders in the initial phases? (How did you communicate the purpose/ benefits of your firm to different stakeholders?)
21. Have these value propositions changed since then?
22. Have you seen it come into effect? Has there been any positive effects for any stakeholders? What do they look like?
23. What do you consider as challenging with conducting and managing your work at Arte Collectum?
24. Are there specific stakeholders that you perceive are more difficult to work with or handle?
25. How do you go about handling these relationships?
26. Why did you decide to become part of Arte Collectum? Was it an easy decision?
27. When did you join Arte Collectum? At what stage of development was the company at that time? How did it happen?
28. What represents the biggest challenge in running an art fund? What are the biggest difficulties that you have faced so far?
29. Do you experience or have you experienced significant conflicts of interest?
30. How do you go about handling these conflicts of interest?
31. In your opinion, in what way does Arte Collectum contribute to creating value for all stakeholders within its network? We are interested in your perspective that comes from the corporate finance side.
32. What is your perspective on Arte Collectum's business model?
33. How do you communicate with other stakeholders in your network? What do you keep in mind, given that you represent an art investment fund, as opposed to your previous roles in museums?
34. What does the process of purchasing an artwork look like? Lending?
35. What has the feedback been from the stakeholders that you have worked with?
36. Has there ever been an instance where you could not proceed with an investment due to a disagreement with a stakeholder?
37. What is your relationship like with the Compliance Committee? Do you ever experience a discrepancy in perspectives?
38. What did your marketing plan look like in the initial phases?
39. Has it changed over time and does it look different today?

40. Did/do you communicate (in your marketing) in different ways to different actors or stakeholders in your network?
41. Can you give examples of concrete marketing activities that you have conducted and are currently conducting? For example, events, “send-outs,” and advertising.
42. Do you think that your marketing has been effective? Has it achieved its purpose?
43. What does the communication look like with the different stakeholders?
44. What do you consider when you have to communicate with X, Y, Z?
45. Which marketing channels are most important, do you use the most? The book, website, document?
46. What did you have to think about when you helped to create them?
47. The event – what did you think there?
48. Why did you become a gallerist?
49. What type of clients do you have at the gallery?
50. What is your perspective on them? Are you more inclined to sell to one type of client?
51. What about the artists that you represent? Are they more inclined to sell to one type of client?
52. Can you describe the timeline of your collaboration with Arte Collectum, what is the nature of the collaboration?
53. What was your vision for the partnership? What type of potential value did you see? Did you ever have doubts about working with Arte Collectum?
54. Do you ever experience a discrepancy in perspectives? Have you perceived your experiences with Arte Collectum being challenging?
55. What is special about working with an art fund?
56. Art and finance in general – are they total opposites or are they two things that inevitably go together and marry well?
57. Do you have any previous experiences with art funds? What do you think about them?
58. How would you describe the different perspectives at play?
59. What is something that has or has the potential of not working?
60. What do you think about the value creation possibilities there? Both financially and for the art market?
61. Can you explain your work as the Global Art & Finance Coordinator at Deloitte?
62. We understand that you have been working toward the creation of an art and finance/business cluster in Luxembourg – what is your vision and process of this? We assume that this is a part of your attempt to integrate the art and finance world – what

are your thoughts on this growing phenomenon and what do you hope that it will lead to?

63. Who reaps the positive effects in such a nexus? How do they do so?
64. What do you think about the role of art funds, or the investment in art in general?
65. Have you had any interactions/dialogues with Arte Collectum? If you cannot say, or if there has been none, what do you think about the art fund itself? Who can it benefit, do you think that it will succeed? Why?
66. What do you think about when valuing a company?
67. What role does ESG play in the valuation of a company?
68. How prominent is the social aspect of ESG in the valuation of a company?
69. Is there a demand to incorporate art in your clients investment portfolios? Or other alternative investments?
70. Do clients often want to incorporate their interests into their investments?
71. What is your experience with investing in ESG? Do you receive such inquiries?
72. What are the things clients look for the most in their investments?
73. What is the perspective of the investors? Do they often view investments merely as “wealth storage,” or are they looking for high returns? What are your views on alternative investments? Are they investments or often just wealth storages?

Appendix III. Arte Collectum's "At-a-Glance" and "Sustainability At-a-Glance"

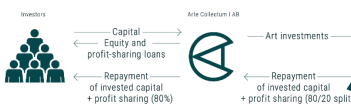
ARTE COLLECTUM

AT A GLANCE

An investment fund with modern, postwar and contemporary art as underlying assets.

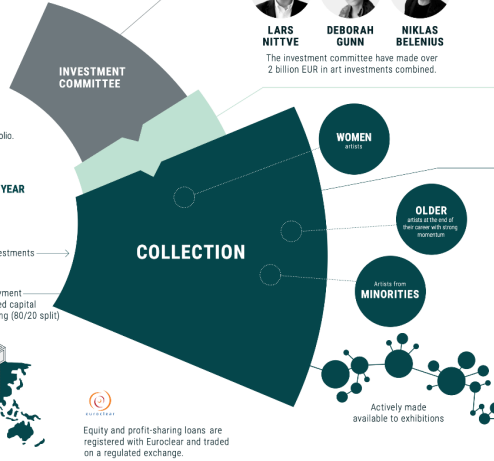
Stressification
Art has low correlation with other asset classes and anticipated low downside risk - great complement in a well-diversified portfolio.

Investment term
6 YEARS → Target return offer less 2x / 12% PER YEAR



Sustainability

The art will be stored in a thoughtful manner and only transported longer distances when necessary. Investments are profit driven but will also support equality and justice in the art market - thus enabling social sustainability.



The investment committee have made over 2 billion EUR in art investments combined.



COMPLIANCE COMMITTEE
Follows regulatory framework, audits authenticity and monitors conflicts of interest.

INVESTMENT STRATEGY

- Historical turning-points
- Established artists represented by the 20 most prominent galleries worldwide
- Up-and-coming artists that are being handpicked by the 40 most prominent galleries worldwide
- Artists that are scheduled for major museum exhibitions in the coming years
- A maximum of 20 percent can be invested in a single artist
- A maximum of 15 percent can be invested in a single artwork

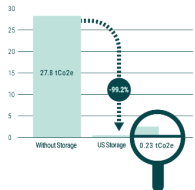
ARTE COLLECTUM

SUSTAINABILITY AT A GLANCE 2023

Arte Collectum I AB is an Article 9 fund, also called dark green fund, and has sustainable goals as its objective.

US Storage:

Decrease in Scope 3² Carbon Footprint³

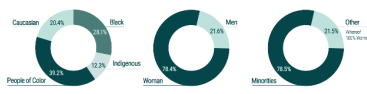


Per art certificate on average 5.5 tCO2e each year on air freight - 2.4 times more than Arte Collectum's total of 3.76 tCO2e⁴

PLANET¹

Arte Collectum follows frameworks for sustainability, such as the Paris Agreement and the EU Taxonomy and are members of Gallery Climate Coalition.

To reduce our carbon footprint we have rented a storage in Delaware, US, and the aim is to complement with a storage in Asia.



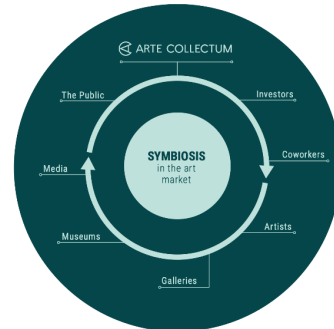
Social Sustainability Data



PEOPLE

The fund's investment strategy focuses on acquiring and actively managing works by women and people from ethnic and cultural minorities - promoting greater equality in the art market.

Our book, Arte Collectum I - Other Stories, including works acquired and artists represented in the fund, is shared with prominent institutions of the global art market, further activating and creating publication for the marginalised artists.



All auction sales between 2008 and mid-2022⁵
 ~Work by women 3.3 percent or \$6.2 billion of the total \$187 billion
 ~Black American artists 1.9 percent
 ~Black American women 0.1 percent

PROFIT

The allocation of funds to marginalised artists contributes to the ongoing mega trend of revisionism. The socially responsible investment strategy creates a symbiosis in the art market, exemplified by our active and mutually reciprocal cooperation with galleries and museums to whom we lend artworks for exhibitions, further contributing to the activism and activation of the artists.

1. The Triple Bottom Line model (1994) by John Elkington is applied with the three Ps of sustainability.
 2. Aligned with TSD Recommendations: Metric and targets, section 8; on disclosing Scope 3 emissions, i.e., those arising throughout the value chain.
 3. Calculated with Gallery Climate Coalition's carbon calculator based on a realistic yet hypothetical scenario. The first fund's artworks stored in Delaware were used for freight weights.
 4. Calculated based on GCC's carbon emissions 2022 reports for six comparable actors.
 5. Burns Halpern Report 2022.



Appendix IV. “Arte Collectum Brochure”

Link to the Arte Collectum Brochure.

Appendix V. Example Post Promoting Artist Collected From @artecollectum on Instagram



artecollectum · Follow

artecollectum @ Ruth Asawa Estate, courtesy of David Zwirner Gallery.

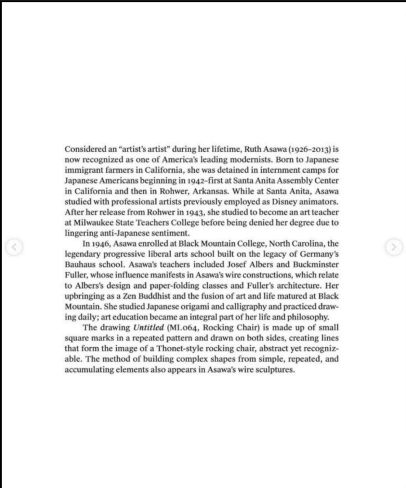
Extract from Arte Collectum I – Other Stories, page 30. Access full e-book in bio.

Considered an "artist's artist" during her lifetime, Ruth Asawa (1926–2013) is now recognized as one of America's leading modernists. Born to Japanese immigrant farmers in California, she was detained in internment camps for Japanese Americans beginning in 1942—first at Santa Anita Assembly Center in California and then in Rohwer, Arkansas. While at Santa Anita, Asawa studied with professional artists previously employed as Disney animators. After her release from Rohwer in 1943, she studied to become an art teacher at Milwaukee State Teachers College before being denied her degree due to lingering anti-Japanese sentiment.

In 1946, Asawa enrolled at Black Mountain College, North Carolina, the legendary progressive liberal arts school built on the legacy of Germany's Bauhaus school. Asawa's teachers included Josef Albers and Buckminster Fuller, whose influence manifests in Asawa's wire constructions, which relate to Albers's design and paper-folding classes and Fuller's architecture. Her upbringing as a Zen Buddhist and the fusion of art and life matured at Black Mountain. She studied Japanese origami and calligraphy and practiced drawing daily; art education became an integral part of her life and philosophy.

16 likes
5 days ago

Add a comment...



artecollectum · Follow

artecollectum @ Ruth Asawa Estate, courtesy of David Zwirner Gallery.

Extract from Arte Collectum I – Other Stories, page 30. Access full e-book in bio.

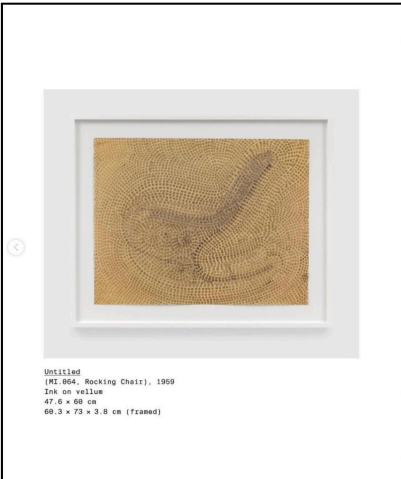
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The drawing Untitled (MI.064, Rocking Chair) is made up of small square marks in a repeated pattern and drawn on both sides, creating lines that form the image of a Thonet-style rocking chair, abstract yet recognizable. The method of building complex shapes from simple, repeated, and accumulating elements also appears in Asawa's wire sculptures.

16 likes
5 days ago

Add a comment...



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State Teachers College before being denied her degree due to lingering anti-Japanese sentiment.

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#ruthasawa #davidzwirnergallery #artecollectum #recalibrationofarthistory #art #arthistory #artfund #article9 #monies #activist #actors #artecollectum #otherstories #creativity #creativeminds #equality #alternativeinvestments #artandfinance #portfoliodiversification #socialsustainability #womanart #womanartist #femaleart #femaleartist

5 d

16 likes
5 days ago

Add a comment...

Appendix VI. Arte Collectum I – Other Stories

[Link to Arte Collectum I – Other Stories.](#)

Appendix VII. Arte Collectum's Annual Report 2023

[Link to Arte Collectum's Annual Report 2023.](#)

Appendix VIII. Disclosure of AI Tools Use

AI tools embedded in writing software, as well as ChatGPT, have been utilized to minimize grammatical and spelling errors. Additionally, these tools have occasionally assisted in translating transcripts. Consequently, AI has enhanced the quality of the thesis by reducing language mistakes and improving readability. However, there are risks associated with using AI, primarily the potential for incorrect information. Therefore, all material produced by AI tools has been meticulously cross-checked and verified before being included in the thesis. It is important to note that no AI tools were used to generate original written material; they served solely as revision aids. This experience underscores that AI is an indispensable tool for the future, with the potential to make the thesis-writing process more efficient. Nevertheless, at this stage, AI cannot significantly contribute to the creation of the thesis content and should not be relied upon for such purposes.

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