

**HISTORICAL FACTORS INFLUENCING WATER COLOUR PAINTING MARKET ENVIRONMENT AND DEVELOPMENT IN CHINA MARKET SUPERVISOR AS A MODERATOR**

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ARTICLE INFO	ABSTRACT
<p><b>Article history:</b></p> <p><b>Received</b> 08 May 2023</p> <p><b>Accepted</b> 04 August 2023</p>	<p><b>Purpose:</b> China has a long history of art, including watercolour painting, which has garnered international acclaim. China can gain recognition for its artistic accomplishments and contribute to the global art community by preserving and promoting the practise of watercolour painting both domestically and internationally.</p>
<p><b>Keywords:</b></p> <p>Water Colour Painting; Historical Factors; Market Development; Market Environment; Market Supervision.</p>	<p><b>Theoretical framework:</b> The tale of the development of Chinese watercolour painting is intricate and multidimensional, reflecting the impact of several historical events (Li, 2023; Yin,2022). These elements have all contributed to the creation of this stunning and lasting art form, from the rich philosophical and cultural traditions of China to the impact of aesthetic trends and technical advancements.</p> <p><b>Design/Methodology/Approach:</b> A total of 495 respondents participated in the survey comprised of 110 watercolour artist collectors, 220 watercolour paintings and 165lectors and business intermediaries 165. This study was a cross-sectional study where the data collection period is from August to October 2021. Using Smart PLS, the collected data is analysed.</p>
	<p><b>Findings:</b> The study revealed that watercolour painting is a popular art form among both artists and collectors. Watercolour paintings have been a popular art form for centuries, and this study confirms that their popularity remains strong among both artists and collectors. The delicate beauty of watercolours, with their translucent washes of colour and soft edges, is particularly appealing to those who appreciate the subtleties of art.</p> <p><b>Research, practical &amp; social implications:</b> This study found that watercolour paintings are highly valued by business intermediaries, who recognize their potential as investments. In fact, many galleries and auction houses specialize in selling watercolours, and the market for these works continues to grow.</p> <p><b>Originality/Value:</b> It is important to note that not all watercolour paintings are created equal - some are more highly prized than others based on factors such as the artist's reputation, the quality of the materials used, and the subject matter depicted. Overall, this study underscores the enduring appeal of watercolour paintings and their continued relevance in today's art world.</p> <p>Doi: <a href="https://doi.org/10.26668/businessreview/2023.v8i8.2991">https://doi.org/10.26668/businessreview/2023.v8i8.2991</a></p>

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## FATORES HISTÓRICOS QUE INFLUENCIAM O AMBIENTE DO MERCADO DE PINTURA A CORES DE ÁGUA E O DESENVOLVIMENTO NA CHINA SUPERVISOR DE MERCADO COMO MODERADOR

### RESUMO

**Propósito:** A China tem uma longa história de arte, incluindo a pintura em aquarela, que tem recebido aclamação internacional. A China pode ganhar reconhecimento por suas realizações artísticas e contribuir para a comunidade de arte global, preservando e promovendo a prática da pintura em aquarela tanto internamente quanto internacionalmente.

**Estrutura teórica:** O conto do desenvolvimento da pintura em aquarela chinesa é intrincado e multidimensional, refletindo o impacto de vários eventos históricos (Li, 2023; Yin, 2022). Todos estes elementos contribuíram para a criação desta forma de arte impressionante e duradoura, desde as ricas tradições filosóficas e culturais da China ao impacto das tendências estéticas e avanços técnicos.

**Concepção/Metodologia/Abordagem:** Um total de 495 inquiridos participou no inquérito composto por 110 colecionadores de artistas aquarelas, 220 pinturas aquarelas e 165 palestrantes e intermediários empresariais 165. Este estudo foi um estudo transversal, em que o período de recolha de dados é de agosto a outubro de 2021. Usando o Smart PLS, os dados coletados são analisados.

**Descobertas:** O estudo revelou que a pintura em aquarela é uma forma de arte popular entre artistas e colecionadores. As pinturas em aquarela têm sido uma forma de arte popular há séculos, e este estudo confirma que sua popularidade permanece forte entre artistas e colecionadores. A delicada beleza das aquarelas, com suas lavagens translúcidas de cor e bordas macias, é particularmente atraente para aqueles que apreciam as sutilezas da arte.

**Pesquisa, implicações práticas e sociais:** Este estudo descobriu que as pinturas em aquarela são altamente valorizadas por intermediários de negócios, que reconhecem seu potencial como investimentos. Na verdade, muitas galerias e casas de leilão se especializam na venda de aquarelas, e o mercado para essas obras continua a crescer.

**Originalidade/Valor:** É importante notar que nem todas as pinturas em aquarela são criadas iguais - algumas são mais valorizadas do que outras com base em fatores como a reputação do artista, a qualidade dos materiais utilizados e o assunto representado. No geral, este estudo ressalta o apelo duradouro das pinturas em aquarela e sua contínua relevância no mundo da arte de hoje.

**Palavra-chave:** Pintura a Cores de Água, Fatores Históricos, Desenvolvimento de Mercado, Ambiente de Mercado, Supervisão de Mercado.

## FACTORES HISTÓRICOS QUE INFLUYEN EN EL ENTORNO DEL MERCADO DE PINTURA DE ACUARELA Y EL DESARROLLO EN CHINA SUPERVISOR DE MERCADO COMO MODERADOR

### RESUMEN

**Propósito:** China tiene una larga historia de arte, incluyendo la acuarela, que ha cosechado el reconocimiento internacional. China puede ganar reconocimiento por sus logros artísticos y contribuir a la comunidad artística global preservando y promoviendo la práctica de la acuarela tanto a nivel nacional como internacional.

**Marco teórico:** El relato del desarrollo de la acuarela china es intrincado y multidimensional, reflejando el impacto de varios acontecimientos históricos (Li, 2023; Yin, 2022). Todos estos elementos han contribuido a la creación de esta impresionante y duradera forma de arte, desde las ricas tradiciones filosóficas y culturales de China hasta el impacto de las tendencias estéticas y los avances técnicos.

**Diseño/Metodología/Enfoque:** Un total de 495 encuestados participaron en la encuesta compuesta por 110 coleccionistas de acuarelas, 220 pinturas de acuarelas y 165 coleccionistas e intermediarios de negocios 165. Este estudio fue de corte transversal, donde el periodo de recolección de datos es de agosto a octubre de 2021. Mediante Smart PLS, se analizan los datos recopilados.

**Hallazgos:** El estudio reveló que la acuarela es una forma de arte popular entre artistas y coleccionistas. Las pinturas acuarelas han sido una forma de arte popular durante siglos, y este estudio confirma que su popularidad sigue siendo fuerte tanto entre artistas como entre coleccionistas. La delicada belleza de las acuarelas, con sus lavados translúcidos de color y bordes suaves, es particularmente atractiva para aquellos que aprecian las sutilezas del arte.

**Investigación, implicaciones prácticas y sociales:** Este estudio encontró que las pinturas acuarelas son muy valoradas por los intermediarios comerciales, que reconocen su potencial como inversiones. De hecho, muchas galerías y casas de subastas se especializan en la venta de acuarelas, y el mercado para estas obras sigue creciendo.

**Originalidad/Valor:** Es importante tener en cuenta que no todas las acuarelas se crean igual - algunas son más apreciadas que otras en base a factores como la reputación del artista, la calidad de los materiales utilizados y el

tema representado. En general, este estudio subraya el atractivo perdurable de las pinturas de acuarela y su continua relevancia en el mundo del arte de hoy.

**Palabra clave:** Pintura Acuarela, Factores Históricos, Desarrollo del Mercado, Entorno del Mercado, Supervisión del Mercado.

## INTRODUCTION

The Chinese art market environment is the background of the contemporary watercolour art market, which is based on China's basic political and economic system (Archer, 2022; Gao Jun 2017) China's economic system is a public ownership as the main body, and a variety of ownership develops a socialist economic system with Chinese characteristics (Cheng, 2022). Such an economic system makes state -owned assets a greater proportion in national assets. In the domestic market, China has a wider corporate resource and is directly controlled by the country and is supervised by the people (Zhang, Luo, & Liu, 2022, Hu Hongxin, 2015). In the 1980s, China's art trading market began to rise. With the continuous development of the economy, China's art market has developed rapidly (Gu & Su, 2022, Li Longsheng, 2017) In the early days of the founding of New China, the Chinese art market was continuing the industry model before the founding of New China (Archer, 2022). It was mainly private, most of which operated antiques, and there were fewer contemporary painters. (Hu, Xiao, 2017) However, with the rapid development of economy and politics, the Chinese art market is indeed rooted in old antiques and breakthroughs from it and achieved great development in a noticeably short period of time (Archer, 2022). Regardless of whether the art market is traditional or modern, whether it is prosperity or depression. (Hu Xiaoming, Xiao Chunzheng, 2017) Watercolour painting is born in such an environment and strives to find his own way of survival.

Through the governance of culture, the government enhances cultural identity and cohesion, which is a universal behaviour of governments around the world. The art industry assumes the social responsibility of spreading culture and core values and needs to adhere to the principle of combining social benefits priority, social benefits, and economic benefits. Government supervision departments conduct regulatory activities such as regulatory and restraint on industry main behaviour in accordance with laws and regulations. There are problems such as information asymmetry, lack of credit, external nature, insufficient supply of public goods in the art market. These problems have caused market failures, and the government needs to intervene in industry and market supervision. At the same time, the government should respect market laws and market entities, maintain market order, establish

entrepreneurial property rights and artist intellectual property protection mechanisms, and build a fair art market competitive environment (Huang Juan, 2021). Watercolour paintings have been introduced to China for more than 100 years. Although from the perspective of historical development, it is not as long as Chinese painting sources. From the perspective of watercolour materials, it is not as heavy and expressive of oil painting (Chen, 2023). However, the integration of water and colour of watercolour paintings has moved contemporary artists and audiences (Zhou, 2020). It is the ultimate manifestation of the results of the artist's creation as an artist. At the same time, as an artwork, it has formed its own unique art market (Wang, 2023). Therefore, this study will investigate factor that influence the Chinese water colour painting market development. In addition, this current study also will investigate the role of Chinese water colour market environment and as mediator and market supervision as moderator.

## LITERATURE REVIEW

### Historical Factor

The history of Chinese watercolour painting is extensive and goes back more than a thousand years. A wide range of historical elements, such as cultural and philosophical views, creative movements, and technical advancements, have affected the evolution of this art form (Liu, 2022; Zhu & Zhu, 2022). The impact of Chinese philosophy and culture is one of the most important historical aspects in Chinese watercolour painting. Chinese watercolour paintings embody the core ideas of Chinese art, such as harmony, balance, and simplicity, in both their technique and subject matter (Chen, 2023; Liang, 2022). Landscapes with mountains, rivers, and other natural features, for instance, are often employed to evoke a feeling of serenity and harmony (Lian, 2022; Yang, 2022). The impact of creative movements and trends has also influenced Chinese watercolour painting. Chinese painters have been exposed to a broad range of styles and methods throughout history, from Western painting approaches to traditional Chinese painting techniques. These factors have shaped the distinctive look and style of Chinese watercolour painting. Chinese watercolour painting has evolved in part as a result of technological advancements (Inomjonovna, 2023). New paints and pigments have been developed, enabling painters to produce works that are more vivid and intricate. Similar technological developments in printing and reproduction methods have made it possible for Chinese watercolour paintings to be widely disseminated. Overall, the tale of the development of Chinese watercolour painting is intricate and multidimensional, reflecting the impact of several historical events (Li, 2023; Yin, 2022). These elements have all contributed to the

creation of this stunning and lasting art form, from the rich philosophical and cultural traditions of China to the impact of aesthetic trends and technical advancements.

### **Ancient Chinese Water Colour Art Market**

The market for ancient Chinese watercolour paintings dates back to the Tang dynasty (618-907), when the art form first became popular among the Chinese aristocracy. During this time period, affluent individuals began commissioning watercolour paintings as a means of demonstrating their social standing and cultural sophistication (Werner, 2022; Meng, 2022). As Chinese watercolour painting continued to develop and evolve over the centuries, a market for ancient Chinese watercolour painting began to emerge. This market was supported by a number of factors, including the patronage of affluent individuals, the emergence of art dealers and galleries, and the rise in popularity of art collecting as a hobby (Qu, 2022; Wang, 2022; Werner, 2022). Particularly, the Song dynasty (960-1279) is regarded as the golden era of Chinese watercolour painting, and many of the most highly esteemed and coveted ancient Chinese watercolour paintings originate from this time period (Guo, 2022). The aesthetic and historical value of these works, which frequently depict naturalistic and evocative landscapes, flora, and animals, is exceptionally high. Numerous collectors and art connoisseurs continue to seek out rare and historically significant ancient Chinese watercolour paintings (Qu, 2022; Zhu, 2022; Werner, 2022). There are many opportunities for collectors of all levels to acquire and appreciate these immaculate works of art, despite the fact that wealthy collectors and specialised dealers dominate the market.

### **Water Colour Market Formation**

The Chinese watercolour market can be traced back to the Tang dynasty (618-907), when the art form first became popular among the Chinese aristocracy. Not until the Song dynasty (960-1279) did Chinese watercolour painting flourish and become a recognised art form. During this period, artists began experimenting with new techniques and mediums, including the use of ink and watercolour on silk and paper (Yin, 2022; Chen, 2023). These innovations helped establish Chinese watercolour painting as a unique and distinctive art form, and it quickly gained popularity among both the nobility and the general populace (Li, 2023). Demand for Chinese watercolour paintings increased over time, resulting in the emergence of a market for these artworks (Feng & Zhang, 2022; Chen, 2023). Numerous factors, including the patronage of affluent individuals and the emergence of art galleries and dealers who

specialised in Chinese watercolour paintings, contributed to the growth of this market. Currently, both the domestic and international markets for Chinese watercolours are flourishing (Chen, 2023; Li, 2023). While the traditional subjects and techniques of Chinese watercolour painting continue to be popular, many contemporary Chinese artists have begun to experiment with new styles and approaches, thereby expanding the scope and appeal of this vibrant art form.

### **Market Supervision**

The "Research on Government Supervision of the Chinese Art Exchange Market" (Sun Shengnan, 2017) article has the lack of maturity of the current market mechanism and the lack of market -related laws and regulations, making various disadvantages and loopholes in the art market (Feng et. al., 2022; Chang, 2022). Especially the many serious problems that have been highlighted in the art market in the past ten years have already affected the continuous and healthy development of the art market. At this time, the government's functional role is particularly important., Perfect the immature art market, purify the art transaction environment, so that the Chinese art market has developed a healthy and orderly development (Daozhi, 2022; Chang, 2022; Li, 2021). Therefore, the article analyses the government's supervision subject and the supervision method in the art market through this article. As far as the implementation of the supervision is concerned, the supervision of developed countries analyses the role positioning of the government in the implementation of the art market supervision and execution, and learn from the advantages of developed countries, and actively play the role of my country's government, that is, from the aspects of the supervision of the art market, regulatory methods, supervision and execution, etc., the advantages continue to carry forward (Chang, 2022; Kuo, 2019). The potential of the product market has continued to develop the art market in my country.

### **Watercolour Market Environment**

Research on the Market Development Trends for Chinese Watercolour Paintings (Zeng Dan, 2017) utilize art market principles, market research and literature inquiries are used to investigate the watercolour painting market (Guo, 2022). Through a comparison of the past and current state of the watercolour painting market, the market's development history and market operation have been analysed in greater detail. Based on the entry point of Chinese watercolour painters, art business intermediaries, and watercolour paintings, we have studied the

development trend of the Chinese watercolour painting art market, discussed the development advantages and challenges, and summarised the market's development trend. The article provides data, analyses the transaction records of the art market, has received significant support, and establishes the groundwork for the current development of the watercolour art market (Yin, 2022; Chen,2023). It is believed that watercolour painting is unable to generate a broad variety of market effects, which is a natural consequence of the existence of numerous comprehensive factors. Under the influence of numerous factors, watercolour paintings have simultaneously reached a new level, forming a discipline with independence and integrity that embodies Chinese national characteristics (Wang, 2023; Chen,2023; Ma, Dong & Wang, 2023). From the perspective of the current problem of watercolour painting, the author identifies the true dilemma of the watercolour painting market, while acknowledging the rapid development of watercolour painting in recent years and being optimistic about its future.

### **Watercolour Market Development**

*Development of Contemporary Watercolour Painting* (Liu Xianzun, 2021) article is based on the current development of the contemporary watercolour market, that is, so far, after achieving a series of significant results, watercolour paintings are constantly incorporated into Oriental culture and western culture as foreign paintings (Ma, Dong & Wang, 2023; Chen,2023). Makes the development of watercolour painting complex. On the one hand, Chinese watercolour artists actively learn the excellent western culture, and on the other hand, they continue to tap my country's excellent traditional culture and create unique Chinese watercolour paintings. Watercolour painting can show a rich form of language expression, bringing unlimited possibilities to the development of watercolour art (Guo, 2022; Yin, 2022; Chen,2023). The article is divided into three parts: 1. Overview of the development of Chinese watercolour painting. 2. Specific embodiment of the development of contemporary Chinese watercolour. Third, the future development of contemporary watercolours. In the first part, in an overview of the development of Chinese watercolour painting, the author believes that watercolour painting has a history of more than 100 years in China, and the unremitting efforts of several generations have finally achieved significant development (Wang,2023; Chen,2023). The form of early watercolour paintings was relatively single, but it laid the foundation for the later development. In the early 20th century, with the influence of the eastward progress of the Western learning, many efforts were made on the integration of Chinese and Western art (Cheng & Xingyu, 2022; Wang,2023). By the 1930s, my country successively established a

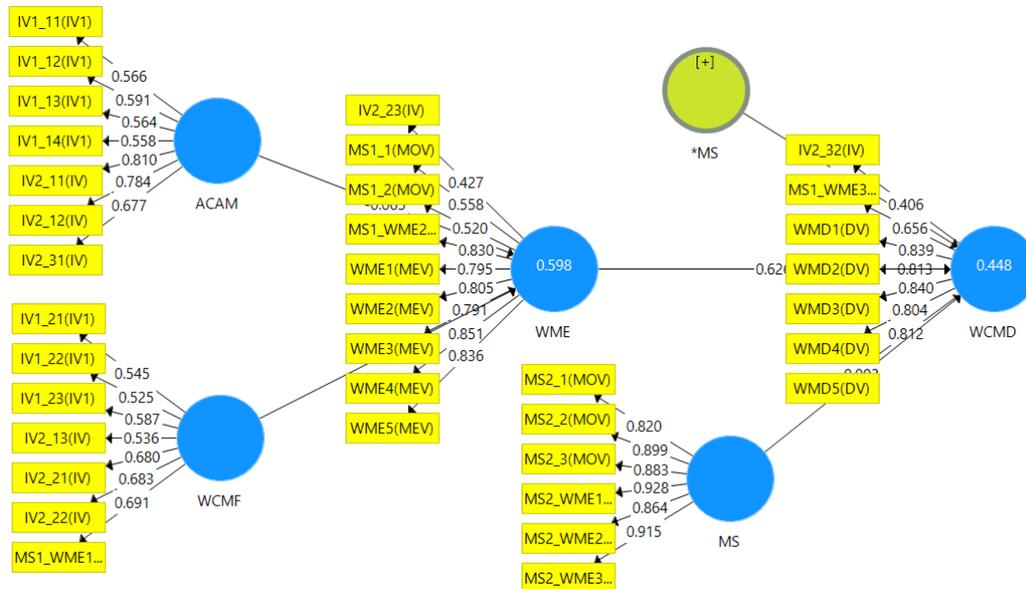
number of paintings to have a profound impact on the development of Chinese watercolor art represented by artist Wang Zhaomin. By the 1950s, my country held a second national art exhibition, and watercolour paintings could be exhibited as a separate project.

### **Research Methodology**

This paper aims to examine the factors that influence the Chinese watercolour market's painting market development. In addition, this current study will also investigate the role of Chinese water colour market environment as a mediator and market supervision as a moderator. The population of this study primarily focused water colour painting artis, watercolour collector, and business intermediaries. A close-ended, self-administrated survey was conducted for data collection. The questionnaire has two segments consisting of sections A and section B. Section A is information related to respondents' demographics while Section B is information related to the question of measuring all the variables in this study. A total of 495 respondents participated in the survey comprised of 110 watercolour artist collectors, 220 watercolour paintings and 165lectors and business intermediaries 165. This study was a cross-sectional study where the data collection period is from August to October 2021. Using Smart PLS, the collected data is analysed. The study revealed that watercolour painting is a popular art form among both artists and collectors. According to descriptive analysis, the majority of the artists surveyed reported that they use watercolour as their primary medium, with landscape and still life being the most common subject matter. Collectors, on the other hand, were more interested in acquiring paintings that depicted scenes from nature or had a unique artistic style. Interestingly, the study also found that business intermediaries played a significant role in facilitating transactions between artists and collectors.

**Finding**

Figure 1: Structural Equation Modelling (SEM) Causal Model



Source: Authors

Table 1: Internal consistency

	<b>Cronbach's Alpha</b>	<b>rho_A</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
<b>ACAM</b>	0.809	0.820	0.839	0.633
<b>MS</b>	0.946	0.979	0.956	0.784
<b>WCMD</b>	0.877	0.989	0.898	0.767
<b>WCMF</b>	0.763	0.820	0.804	0.673
<b>WME</b>	0.879	0.888	0.907	0.632

Source: Authors

The reliability of scale instruments is influenced by their uniformity. Internal consistency and item-specific dependability are among the indicators used for measurement. Using factor loading, the reliability of each item is evaluated. The internal consistency of latent variables is evaluated using Cronbach's alpha and composition reliability (CR). The number proposed must be greater than 0.70. Convergent and discriminant validity are indicators of an instrument's precision. The primary goals of convergent validity are to determine the average variance extraction and investigate the relationship between items on the same dimension (AVE). The value proposed must be greater than 0.50. Using the square root of the AVE's value as a criterion, the discriminant validity investigates the relationship between items with distinct characteristics. If the square root of the diagonal AVE is greater than either the horizontal or vertical correlation coefficient, this indicates discriminative validity. All alpha and CR values in Table 1 exceed 0.7, indicating a high level of internal consistency and dependability. The

AVE value for each dimension is greater than 0.5, demonstrating sufficient convergence validity. When Cronbach's alpha and composite reliability (CR) of each construct reach the threshold values of 0.60 and 0.70, respectively, the internal consistency dependability of a measurement model is considered acceptable. According to Table 1, the Cronbach Alpha values for this study range from 0.820 to 0.989. According to Table 1, the composite dependability (CR) ranges from 0.804 to 0.956. Each Cronbach Alpha and CR value therefore exceeds the prescribed maximum limit of 0.7. According to the AVE results of this investigation, all variables are greater than 0.5 and lie between 0.632 and 0.784. Therefore, we can conclude that the examined constructs are sufficiently dependable and internally consistent.

Table 2: Discriminant validity

	<b>MS</b>	<b>ACAM</b>	<b>MS</b>	<b>WCMD</b>	<b>WCMF</b>	<b>WME</b>
<b>MS</b>	0.778					
<b>ACAM</b>	-0.411	0.772				
<b>MS</b>	-0.336	0.346	0.776			
<b>WCMD</b>	-0.443	0.438	0.394	0.753		
<b>WCMF</b>	-0.517	0.615	0.457	0.559	0.771	
<b>WME</b>	-0.600	0.433	0.589	0.667	0.771	0.779

Source: Authors

The discriminant validity of a set of items is their ability to distinguish one variable from others. None of the concept correlations exceeded the threshold, as shown in Table 2. (Hu and Bentler, 1999). The range of discriminant validity according to this analysis is between 0.772 and 0.775. All components should have factor loadings on their individual structures, as suggested. Overall, the measurement model's discriminant validity was high. According to Henseler et al. (2015), correlations' "Heterotrait-Monotrait ratio (HTMT)" must be evaluated for discriminant validity. HTMT values must be between 0.85 and 1. According to Table 3, all of the items with scores between 0.851 and 0.957 indicate that discriminant validity has been validated and the model is trustworthy for further processing.

Table 3: HTMT score

	<b>MS</b>	<b>ACAM</b>	<b>MS</b>	<b>WCMD</b>	<b>WCMF</b>	<b>WME</b>
<b>MS</b>						
<b>ACAM</b>	0.952					
<b>MS</b>	0.339	0.957				
<b>WCMD</b>	0.416	0.417	0.818			
<b>WCMF</b>	0.551	0.719	0.428	0.851		
<b>WME</b>	0.637	0.447	0.587	0.601	0.892	

Source: Authors

Table 4: R Square

	<b>R Square</b>	<b>R Square Adjusted</b>
<b>WCMD</b>	0.448	0.445
<b>WME</b>	0.598	0.596

Source: Authors

When a linear fit is assumed, the square of the correlation coefficient can characterise the quantity of variation between two variables (Sanchez, 2012). The values for R<sup>2</sup> and the accompanying goodness of fit determined by Sanchez (2012) are shown in Table 4. Table 4 reveals that the R<sup>2</sup> value for water colour market environment in China is 0.445, indicating that ancient Chinese Art market and Water colour market formation in China can explained 44.5% of water colour painting market environment in China. The R<sup>2</sup> score for water colour painting market development is 0.596, indicating that water colour market environment can explain 59.6 % of water colour market development in China with the moderation of market supervision.

### Hypothesis Testing

Table 5: Direct relationship

	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics ( O/STDEV )</b>	<b>P Values</b>
<b>ACAM -&gt; WME</b>	-0.065	-0.063	0.035	1.890	<b>0.059</b>
<b>WCMF -&gt; WME</b>	0.811	0.813	0.026	31.527	<b>0.000</b>
<b>WME -&gt; WCMD</b>	0.626	0.631	0.044	14.332	<b>0.000</b>

Source: Authors

For direct relationship, the result shows that Ancient Chinese Art Market are not significant to water colour painting market environment with the score ( $\beta = -0.065$ ,  $t = 1.890$ ,  $p > 0.05$ ). For water colour market formation toward water colour painting market environment, the result shows a significant relationship with the score ( $\beta = 0.811$ ,  $t = 31.527$ ,  $p > 0.05$ ). finally for water colour market environment toward water colour market development, the result shows a significant relationship with the score ( $\beta = 0.626$ ,  $t = 14.332$ ,  $p > 0.05$ ).

Table 6: Mediating analysis (water colour painting market environment)

	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics ( O/STDEV )</b>	<b>P Values</b>
<b>ACAM -&gt; WME -&gt; WCMD</b>	-0.041	-0.039	0.022	1.864	<b>0.063</b>
<b>WCMF -&gt; WME -&gt; WCMD</b>	0.508	0.512	0.039	12.866	<b>0.000</b>

Source: Authors

For mediating variable, which is watercolour market environment, the result show that in the relationship between ancient Chinese market and water colour market development, water colour environment is not significant as a mediating variable with the score ( $\beta = 0.041$ ,  $t = 1.864$ ,  $p > 0.05$ ). in the relationship between water colour market orientation and water colour painting market development, water colour market environment successfully mediates the relationship with the score ( $\beta = 0.508$ ,  $t = 12.866$ ,  $p > 0.05$ ).

Table 7: Moderating analysis (market supervision)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
*MS -> WCMD	-0.048	-0.048	0.038	1.247	<b>0.213</b>

Source: Authors

For moderating affect, the result show that there is no moderation effect of market supervision in the relationship between watercolour market environment toward water colour painting market development.

Table 8: R square

<b>WCMD</b>	0.448	0.445
<b>WME</b>	0.598	0.596

Source: Authors

The square of the correlation coefficient can characterise the amount of variation between two variables when a linear fit is assumed (Sanchez, 2012). Table 4 displays the R2 values and associated goodness of fit determined by Sanchez (2012). Table 4 reveals that the R2 value for the water colour market environment in China is 0.444%, indicating that supply and demand can explain 44.5% of water colour paintings in China. The R2 score for the development of the market for watercolour paintings is 0.596, indicating that the market environment for watercolours can explain 51.9% of watercolour market development in China.

## DISCUSSION

It is not wholly accurate to assert that the ancient Chinese art market and the Chinese watercolour market environment were unrelated. In truth, the Chinese art market has a long and illustrious history dating back thousands of years, and it has played an essential role in the evolution of Chinese watercolour painting (Liu, 2022; Zhu & Zhu, 2022; Chen, 2023). During the Tang dynasty (618-907), for instance, the Chinese gentry started commissioning watercolour paintings to demonstrate their social standing and cultural sophistication. This

resulted in the development of a market for Chinese watercolour paintings, which was supported by the patronage of affluent individuals and the emergence of art galleries and dealers (Chen, 2023; Liang, 2022; Inomjonovna, 2023). During the Song dynasty (960-1279), the market for Chinese watercolour paintings continued to expand and develop, aided by a variety of factors, such as the patronage of wealthy individuals, the emergence of art collecting as a popular pastime, and the development of specialised art dealers and galleries ((Li, 2023; Yin,2022). Over the centuries, the market for Chinese watercolour paintings has continued to develop and adapt to shifting social, cultural, and economic conditions, and it continues to be a vital and significant segment of the Chinese art market today (Qu, 2022; Wang, 2022; Werner, 2022). It is evident that the ancient Chinese art market and modern markets are inextricably linked, and that the market environment has significantly influenced the evolution of Chinese watercolour painting over time.

The environment of the Chinese watercolour market has a significant impact on the formation and growth of the Chinese watercolour market (Guo, 2022). The market environment refers to the external economic, social, cultural, and political factors that influence the formation and development of a market. In terms of the development of the Chinese watercolour market over time, the market environment has played a crucial role (Yin, 2022; Chen,2023). During the Tang and Song dynasties, for instance, the emergence of an affluent and cultured elite class facilitated the development of Chinese watercolour painting (Guo, 2022; Yin, 2022; Chen,2023). This prompted the development of specialised art dealers and galleries, as well as the expansion of the market for Chinese watercolour paintings. During the Ming and Qing dynasties, political stability and economic prosperity facilitated the production and sale of Chinese watercolour paintings (Wang, 2023; Chen,2023; Ma, Dong & Wang, 2023). This resulted in the development of new designs and techniques, as well as colleges and workshops that catered to the requirements of various collectors and patrons. The market environment, which includes globalization, technological innovation, and shifting consumer preferences, continues to influence the Chinese watercolour market today (Wang, 2023; Chen,2023; Ma, Dong & Wang, 2023). As the market continues to adapt to these and other external factors, it is probable that the relationship between the Chinese watercolour market and its environment will continue to play a significant role in determining its long-term development.

The market environment for Chinese watercolour paintings has a direct bearing on the growth of the Chinese watercolour painting market (Yin, 2022; Chen,2023). The demand and supply of Chinese watercolour paintings are influenced by numerous social, cultural, economic,

and technological market factors. During the Song dynasty (960-1279), for instance, the Chinese watercolour painting market flourished because affluent patrons commissioned paintings for their residences and collections (Wang, 2023; Chen,2023; Ma, Dong & Wang, 2023). This resulted in the emergence of art dealers and galleries that tailored to this demand, which stimulated the development of new painting techniques, styles, and subjects (Wang,2023; Chen,2023). In recent years, the expansion of the Chinese economy and the emergence of a new class of affluent individuals have increased the demand for Chinese watercolour paintings, particularly those with historical and cultural significance (Guo, 2022; Yin, 2022; Chen,2023). This has led to the emergence of new markets and distribution channels, such as online marketplaces and international auctions, for selling and distributing Chinese watercolour paintings (Wang,2023; Chen,2023). Changes in the market environment can have a significant impact on the demand for and supply of Chinese watercolour paintings.

The environment of the Chinese watercolour market can moderate the connection between the ancient Chinese art market and the growth of the Chinese watercolour market. The market environment consists of various social, cultural, economic, and technological factors that can either promote or inhibit the development of the Chinese watercolour market in relation to the ancient Chinese art market (Guo, 2022; Yin, 2022; Chen,2023). During the ancient Chinese art market, for instance, Chinese watercolour paintings were highly valued and sought after by affluent individuals and collectors, and they played a significant role in the evolution of the Chinese art market (Wang,2023; Chen,2023). However, changes in the market environment, such as shifts in consumer preferences or economic recessions, can affect the demand for Chinese watercolour paintings as well as their market value and standing (Wang, 2023; Chen,2023; Ma, Dong & Wang, 2023). Likewise, the growth and development of the modern Chinese watercolour market can be influenced by the market environment. Increasing globalization, shifting consumer preferences, and technological advancements can all influence the demand and supply of Chinese watercolour paintings, as well as the evolution of the market over time (Cheng & Xingyu, 2022; Wang,2023). Overall, the Chinese watercolour market environment moderates the relationship between the ancient Chinese art market and the growth of the Chinese watercolour market, and can impact the value, demand, and prestige of Chinese watercolour paintings over time.

## CONCLUSION

Maintaining the practise of watercolour painting in China is essential for preserving cultural heritage, fostering artistic diversity, generating economic benefits, and contributing to the country's international art world recognition. Chinese watercolour painting has a long and illustrious history, stretching back to antiquity. It is a significant component of the nation's cultural heritage and has contributed to the evolution of Chinese art over the centuries. By maintaining the practise of watercolour painting, China can help future generations preserve this vital aspect of its cultural identity. Watercolour painting is a versatile art form that permits an extensive variety of styles and techniques. By preserving the practise of watercolour painting in China, artists can continue to experiment with new concepts and techniques, thereby contributing to the nation's artistic diversity. In addition, the practise of watercolour painting in China has the potential to generate income for artists, galleries, and other art industry stakeholders. It can also aid in attracting tourists and promoting cultural tourism, thereby contributing to the expansion of the economy as a whole. Watercolour painting is a unique art form that has the potential to contribute significantly to the nation's artistic diversity. This medium is highly versatile and can be used to create stunning works of art that capture the beauty of nature, people, and landscapes. The practice of watercolour painting in China has been gaining popularity in recent years, and it presents an excellent opportunity for artists, galleries, and other stakeholders in the art industry to generate income. By displaying their work through exhibitions and online platforms, artists can reach a wider audience and increase their sales. Additionally, watercolour painting can help attract tourists who are interested in exploring China's rich cultural heritage. This can lead to increased revenue for local businesses and contribute to the growth of the economy as a whole. Overall, promoting watercolour painting in China is a win-win situation for everyone involved, as it helps preserve traditional art forms while also contributing to economic development.

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