Investigating Music Financing, Investment, and Returns: Economic Realities of Emerging Artists and Independent Record Labels in Nigeria.

By

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Abstract

Nigeria's music industry has become a global cultural and economic force, yet its financial dynamics remain poorly understood. This study explores how emerging artists and independent record labels make and manage investments within Nigeria's informal music economy. Adopting a mixed-methods design, data were collected from 50 artists and 10 labels through structured questionnaires and semi-structured interviews, focusing on production, promotion, and revenue outcomes. Quantitative analysis, using descriptive statistics, Pearson correlation, and coefficient of variation, examined the relationship between investment and returns, while thematic coding of qualitative data uncovered symbolic and structural factors shaping financial behavior. Findings reveal that investment outcomes are highly volatile, influenced by weak institutional structures, algorithmic visibility gaps, and symbolic motives such as fame and social validation. To explain these dynamics, the study introduces two context-specific frameworks, Music Investment Volatility Theory (MIVT) and Symbolic Structural Music Investment Theory (SSMIT) which link financial logic, symbolic value, and structural conditions in shaping unpredictable outcomes. By bridging economic and cultural perspectives, this paper contributes new theoretical and practical insights into creative financing in emerging markets.

Keywords: Nigeria, music industry, Music investment behavior, volatility, symbolic capital, creative economy, independent labels, digital culture, Music Investment Volatility Theory, Symbolic–Structural Music Investment Theory,

1.0 Introduction

The Nigerian music industry has emerged as one of Africa's most dynamic creative sectors, attracting both domestic and international attention. Driven largely by the global rise of Afrobeats, Nigerian music has transitioned from local entertainment to a significant cultural export, shaping global soundscapes and influencing mainstream genres (Ogunleye, 2025). Over the past decade, Afrobeats and related genres have achieved unprecedented international visibility, propelled by digital streaming platforms, social media virality, and the creative innovation of young artists (Adedeji, 2016). This global expansion has positioned Nigerian music not only as a powerful cultural export but also as an emerging investment frontier with the potential to generate revenue, employment, and international soft power. Beneath this cultural success, however, lies a persistent economic puzzle. Many emerging artists, independent record labels, and informal investors commit substantial resources to music production, promotion, and distribution, yet struggle to recover even minimal returns.

While media and policy narratives tend to spotlight a few commercial successes, they often obscure the widespread financial instability, informal structures, and symbolic motivations that characterize the sector. For every hit song that captures international attention, countless others fail to recoup the cost of production, revealing an ecosystem defined by volatility rather than predictability.Despite the increasing global and national attention on Nigeria's music economy, systematic research into its financial mechanisms remains limited. Previous studies have primarily addressed cultural influence, piracy, or distribution challenges, leaving the economic logic of investment decisions largely unexplored. Consequently, little is understood about how music projects are financed, how investors and artists navigate risk, and why financial outcomes remain highly unstable in this creative market context.

This study addresses that gap by examining the financial and behavioral investment patterns among emerging Nigerian artists and independent record labels. It explores how structural weaknesses, symbolic motives, and informal financing systems shape investment behavior and outcomes. To interpret these dynamics, the study applies two complementary theoretical frameworks developed for this research: the Music Investment Volatility Theory (MIVT), which conceptualizes volatility as a structural condition of creative investment, and the Symbolic–Structural Music Investment Theory (SSMIT), which integrates financial, symbolic, and systemic logics into a unified model of decision-making.

Accordingly, this research is guided by the following questions.

How do emerging Nigerian artists and independent labels make investment decisions across different phases of production and promotion?

What patterns exist between investment levels and financial returns in Nigeria's informal music economy?

How do symbolic factors (such as fame, exposure, and audience validation) and structural conditions (such as algorithmic bias and weak monetization systems) influence investment behavior?

How can MIVT and SSMIT explain and manage volatility in Nigeria's music investment landscape?

By addressing these questions, this study contributes to a deeper understanding of music financing in emerging markets, offering both theoretical insight and practical implications for artists, investors, and policymakers navigating the complexities of the digital-era music economy.

2.0 Review of Relevant Literature

2.1 Theoretical Perspectives on Investment in Creative Industries

The financing and investment dynamics in the music industry draw from multiple theoretical perspectives that explain how economic decisions are made under uncertainty, how symbolic and cultural factors shape investment behavior, and why financial outcomes often deviate from traditional rational models. Three main perspectives are, Real Option Logic Theory, Symbolic Capital Theory, and Behavioral Finance which does not only offer useful insights but also reveal theoretical gaps when applied to Nigeria's music industry.

2.1.1 Real Option Logic Theory

Real Option Logic Theory (ROLT) originates from financial and strategic management research, providing a framework for making staged investment decisions in uncertain environments (Trigeorgis & Reuer, 2016; Posen et al., 2014). It suggests that investors can commit small initial capital to preserve the option, though not the obligation to expand, defer, or abandon projects as new information emerges. In the music industry, ROLT applies to decisions such as signing new artists or funding projects where outcomes are uncertain but potentially high-return. However, its application in emerging economies like Nigeria is limited because it assumes structured markets, transparent information flows, and quantifiable returns which are conditions rarely met in Nigeria's informal music economy. Moreover, ROLT focuses primarily on financial rationality, overlooking cultural and emotional drivers that often motivate music investment.

2.1.2 Symbolic Capital Theory

Symbolic Capital Theory, rooted in Bourdieu's sociology and extended to cultural industries (Schreiber & Rieple, 2018; Ihlen, 2018; Fedor, 2020), explains how prestige, reputation, and legitimacy function as currencies in creative fields. Within the music industry, investments often aim to acquire or maintain symbolic capital, for example through sponsoring high-prestige artists or cultural events that confer status. While Symbolic Theory effectively captures status-seeking behaviors, it does not address the structural or economic volatility that accompanies these investments. It focuses on social positioning rather than the interaction between symbolic motivations and weak market structures.

2.1.3 Behavioral Finance Perspectives

Contrary to classical finance, behavioral finance emphasizes bounded rationality and the role of emotional and cognitive biases in investment decisions. Behavioral factors influence investment decisions through heuristic processes (Babarinde, 2019). In Nigeria, emotional biases such as loss aversion, overconfidence, regret aversion, and herding are widespread (Akinkoye & Bankole, 2020). These biases often distort rational analysis, leading to misaligned strategies and unpredictable financial outcomes.While integrating real options and behavioral models can help explain strategic decisions under uncertainty (Posen et al., 2014), existing applications rarely address creative sectors.

2.1.4 Identified Gaps and Theoretical Contribution

ROLT captures rational flexibility but neglects symbolic and behavioral drivers; Symbolic Capital Theory explains social motivations but not volatility; Behavioral Finance explains emotional biases but not structural industry dynamics. Together, they provide partial but insufficient explanations for Nigeria's music financing realities. This theoretical gap motivates the development of two context-specific models, Music Investment Volatility Theory (MIVT) and Symbolic Structural Music Investment Theory (SSMIT) proposed by Ogunleye (2025), to explain and manage investment volatility within the Nigerian music economy.

2.2 Structure and Dynamics of Nigeria's Music Industry

Although Nigeria's music industry has achieved remarkable global visibility and cultural influence, particularly through the rise of Afrobeats, its internal structures and institutional frameworks remain weak and largely informal. Over the past three years, Nigerian music exports have grown by 49%, driven by increased global streaming and cultural diffusion, signaling the genre's expanding international footprint (Udugba, 2025). Nigerian artists collectively earned over ₦58 billion in Spotify royalties in 2024 which is more than double the figure from the previous year, demonstrating both commercial viability and global demand (Onikoyi, 2025). Furthermore, music sector and related industry, together contributed ₦1.97 trillion to Nigeria's GDP in 2023, indicating rising macroeconomic relevance (Jaiyeola, 2024).

Despite the industry's impressive growth and global visibility, Nigeria's music sector continues to operate largely through informal networks, ad hoc business arrangements, and non-standardized value chains. These informal structures significantly limit its potential for sustainable development and international competitiveness.

Several key structural and institutional gaps contribute to this informality:

2.2.1 Lack of comprehensive industry data

There is limited systematic documentation of music practitioners, revenue streams, and market activities. This absence of reliable data undermines accurate valuation and hampers evidence-based policymaking.

2.2.2 Weak regulatory enforcement

While the government occasionally formulates policies aimed at supporting the creative sector, these often lack effective implementation and oversight, leaving the industry largely self-regulated.

2.2.3 Fragmented institutional support

The music sector remains poorly integrated with related industries such as film, technology, finance, media, and tourism. As a result, opportunities for strategic collaboration and industry-wide growth remain underutilized.

2.2.4 Absence of formal industry governance

There are few strong, representative bodies capable of advocating for the interests of music professionals in policy discussions, regulatory matters, or strategic planning.

2.2.5 Limited financial formalization

The industry lacks formal investment mechanisms such as public listings, structured valuation models, or scalable financial products. This makes it difficult to attract institutional investors or secure long-term funding.

2.2.6 High levels of volatility and uncertainty

Informal practices, weak legal protections, and systemic inefficiencies create an unpredictable investment environment. Piracy, erratic revenue patterns, and algorithm-driven exposure further exacerbate this volatility, deterring formal capital inflows.

In sum, while Nigeria's music industry holds immense potential, its informal foundations and structural weaknesses continue to pose serious challenges to sustainable investment and global competitiveness, creating a high-opportunity but high-volatility environment, where cultural visibility does not always translate into financial sustainability.

2.3 Artist Categories and Structural Positioning

Independent and Established Musicians within the Informal Structure

This paper argues that within Nigeria's informal music industry, the categories of emerging artists and established artists are not merely temporal labels that mark the early and mature stages of professional musicianship; rather, they reflect distinct positions within the industry's structural and economic hierarchy. These categories shape access to financing, visibility, bargaining power, and participation in formal or semi-formal industry practices.

Emerging artists are defined here as musicians who, despite being active participants in the music economy, have not yet achieved a level of market recognition, catalogue appraisal, or structural positioning that affords them semi-formal industry treatment. They are not merely "new" entrants; many may have been active for years. However, they remain outside the threshold of established market validation due to factors such as limited fanbase size, low or unstable streaming numbers, lack of significant crossover consumption, absence of corporate partnerships, and non-appraised catalogues in commercial or legal terms. Their careers are often financed through personal funds, informal loans, or small-scale sponsorships, with limited access to structured investment or institutional support.

In contrast, established artists are characterized by large, stable, and often cross-border audiences, consistent local and international streaming performance, a recognized and appraised musical catalogue, and significant symbolic and commercial capital. Their visibility often attracts preferential algorithmic positioning, brand collaborations, and partnerships with global labels or distributors. These artists tend to benefit from semi-formal industry practices: they engage with more structured contracts, access professional management and legal representation, and may operate through registered corporate entities. Their commercial value is recognized within and sometimes beyond Nigeria's music economy, granting them greater bargaining power and leverage. These structural differences affect access to financing, bargaining power, and participation in formal industry practices.

2.4 Influence of Music and Digital Dynamics on Consumer Behavior

Consumer behavior plays a crucial role in shaping the economic outcomes of the music industry. Music affects people on cognitive, emotional, and behavioral levels, influencing how they think, feel, and act in different contexts. In retail environments, for example, background music can shape customer attitudes and perceptions, affect their mood, and even influence how much time and money they spend. These effects often depend on both the customer's characteristics and the store's atmosphere (Zeeshan & Obaid, 2013).

Beyond immediate psychological responses, consumer behavior in the music industry is also shaped by broader cultural and personal factors. It is influenced by a combination of marketing stimuli, environmental cues, and self-identity, all of which are deeply rooted in cultural values and social contexts (Jia, 2021). These factors determine how individuals relate to music, what they choose to consume, and how they engage with artists and brands.

In the digital era, these patterns have evolved significantly. Online platforms have introduced new modes of music consumption shaped by altruism, price discrimination, and herd behavior. Listeners may support artists directly, respond to flexible pricing models, or follow trends set by large online communities (Zheng, 2022). These shifts highlight how digital dynamics are redefining the economic relationships between consumers, artists, and labels, ultimately influencing financing strategies and revenue generation in the industry.

2.5 Strategic Alignment of Finance and Creativity in the Music Industry

The sustainability and growth of the music industry depend on more than government policies or financial investment alone. A crucial factor is the strategic alignment between financial resources and creative processes. Keane et al. (2005), examining the creative industries in China and Latin America, highlight that success in these regions is largely determined by how financial capital is integrated with creative production, distribution, and marketing activities. While supportive policies can facilitate domestic growth and international expansion, they are not sufficient on their own. The synergy between financial inputs and creative capacities ultimately shapes industry performance and competitiveness.

Wilson (2001) further emphasizes the unique financing patterns within the music sector. His research shows that music businesses rely less on traditional bank financing than other small enterprises, with classical music ventures exhibiting a slightly higher uptake of bank finance compared to non-classical ones. This indicates that the industry often depends on alternative financial models such as private investment, informal funding networks, or the reinvestment of earnings, rather than conventional bank loans.

In the Nigerian context, emerging artists and independent labels often operate in an environment where access to formal financing is limited. Their ability to grow and remain competitive relies on how effectively financial inputs, whether personal funds, informal investment, or partnerships, are aligned with creative activities such as music production, branding, and distribution. Strengthening this alignment is essential for improving financing outcomes and enhancing the economic sustainability of the Nigerian music ecosystem.

2.6 Informality and Financial Constraints in Africa Music Industry

The music industry in many developing contexts often operates within informal economic structures, which significantly shape production processes, financing mechanisms, and revenue flows. In South Africa, informal musical production is characterized by persistent financial struggles and limited artistic freedom (McNeill, 2012). Artists frequently rely on local producers and personal networks to fund their recordings, as formal financial support is scarce. Marketing and distribution are typically handled by the artists themselves or through patron–client arrangements with sponsors. Although this entrepreneurial activity often leads to considerable cultural visibility such as airplay on local radio stations, it rarely translates into substantial financial returns. To generate income, many musicians must compete for performance opportunities at government-sponsored events, where artistic expression may be constrained by self-censorship requirements tied to sponsorship. More broadly, studies show that the growth of the informal economy is closely linked to the level of financial development within a country. Njangang et al. (2020) found that financial development significantly reduces the size of the informal economy across Sub-Saharan Africa, based on data from 41 countries between 1991 and 2015. This suggests that limited access to formal financial institutions and underdeveloped financial systems contribute to the persistence of informal sectors, including cultural and creative industries like music.

In the Nigerian music industry, many emerging artists and independent labels operate within similar informal structures. Formal credit facilities, institutional investment, and structured financing options are often inaccessible, pushing artists to depend on personal savings, community funding, or informal sponsorship. These conditions create financial instability, limit growth opportunities, and make it difficult for artists to convert cultural influence into sustainable income. Understanding these dynamics is essential for analyzing the economic realities of music financing and investment in Nigeria.

2.7 Algorithmic Bias, Market Uncertainty, and Implications for Music Investment

As the global music industry becomes increasingly digitized, financing and revenue generation are now shaped not only by traditional production and distribution structures but also by digital streaming platforms. These platforms determine how music is discovered, circulated, and monetized, influencing which artists attract investment and how revenues are distributed. However, the algorithmic systems that govern these platforms are not neutral; they often reproduce and amplify existing structural inequalities, creating new challenges for financing and investment especially for emerging and independent artists in developing markets.

Studies have consistently shown that algorithmic bias affects multiple dimensions of the music economy. Tofalvy and Koltai (2021) identify geographic bias in Spotify’s recommendation systems, showing how algorithms favor internationally labeled artists over local ones, limiting visibility for domestic acts. Epps-Darling et al. (2020) highlight gender inequities, revealing that algorithmic promotion tilt heavily toward successful white male rock artists, reflecting and reinforcing existing audience patterns. Dimont (2018) discusses economic inequities, where streaming royalty models often lead to cross-subsidization that benefits high-volume artists at the expense of smaller independent ones. Algorithmic recommendation systems have also been shown to reduce consumption diversity, narrowing exposure to a limited range of content (Anderson et al., 2020), while interviews with artists reveal concerns about transparency, popularity bias, and restricted audience reach (Ferraro et al., 2021).These biases introduce significant market uncertainty for artists and investors. Because algorithmic systems largely determine discoverability and streaming revenues, they influence investment decisions and shape expectations of financial returns. Investors may prioritize artists who already benefit from algorithmic visibility, while emerging artists struggle to attract funding or generate predictable income streams. Wikström (2015) notes that this shift to an access-based model has fundamentally changed artist–fan relationships, making algorithmic placement central to commercial success.

In the Nigerian music industry, these dynamics are particularly relevant. As platforms like Spotify, Audiomack, YouTube, and Boomplay expand their reach, emerging and independent artists must navigate algorithms that often prioritize international content or established stars. Geographic and economic biases can reduce their discoverability, limit revenue potential, and deter formal investment. This deepens existing financing challenges and highlights the need to understand algorithmic systems as critical economic factors, not just technological tools, within Nigeria's evolving music ecosystem.

2.8 Nigeria's Music Industry: Market Potential, Investment Opportunities, and Structural Volatility

The Nigerian music industry has emerged as one of Africa's most dynamic creative sectors, attracting both domestic and international attention. Driven largely by the global rise of Afrobeats, Nigerian music has transitioned from local entertainment to a significant cultural export, shaping global soundscapes and influencing mainstream genres (Ogunleye, 2025). Digitalization has accelerated this transformation, enabling artists to bypass traditional gatekeepers and distribute music globally through streaming platforms and social media. This shift has expanded revenue streams, enhanced visibility, and positioned Nigerian music as a valuable contributor to the creative economy.

Beyond its cultural impact, the industry holds substantial economic potential. It has become a major employer across multiple value chains, spanning production, performance, distribution, marketing, and digital content creation, possessing the capacity to generate significant foreign exchange earnings (Olusoji, 2014). However, this potential is not fully realized due to structural and systemic challenges. Majekodunmi (2020) argues that while Nigeria has immense market opportunities, strategic creativity and industry planning remain underdeveloped, resulting in a gap between cultural success and economic sustainability.

A central challenge lies in the unstable policy environment, weak institutional structures, and inadequate copyright enforcement. Adedeji (2023) observes that piracy, poor regulation, and political instability continue to undermine economic sustainability, even as digitalization expands the market. Similarly, Ogedi-Alakwe (2024) highlights that the industry's growth is hampered by limited access to finance, poor data infrastructure, and underdeveloped investment mechanisms. These factors collectively create an environment where financial returns are unpredictable, deterring formal investors despite rising global demand for Nigerian music.

This duality booming global popularity alongside structural volatility, creates a unique financing landscape. On one hand, the success of Afrobeats has opened new investment and export opportunities; on the other hand, the lack of systemic support, weak institutional capacity, and market unpredictability present significant risks. Understanding this tension is critical for analyzing how financing flows into the sector, how investments are structured, and how returns are generated or lost. It also underscores why emerging artists and independent labels must navigate both extraordinary opportunities and considerable uncertainties in Nigeria's evolving music economy.

2.9 Summary of Literature

The foregoing review demonstrates that while existing theories such as Real Option Logic, Symbolic Capital Theory, and Behavioral Finance perspectives, offer useful insights into investment behavior within creative industries, they fall short of fully explaining the unique financial realities of Nigeria's music sector. Specifically, these models inadequately address the combined influence of structural weaknesses, informal market dynamics, and symbolic–emotional motivations that shape investment decisions and outcomes in emerging music economies. Moreover, there is a lack of scholarship on the financing and investment mechanisms underpinning Nigeria's music industry, particularly with respect to volatility and strategic financial planning. To bridge these theoretical and contextual gaps, this study proposes two complementary frameworks: the Music Investment Volatility Theory (MIVT) and the Symbolic Structural Music Investment Theory (SSMIT). Together, these frameworks aim to provide a more context-sensitive explanation of investment dynamics and offer practical strategies for managing volatility in Nigeria's evolving music economy.

Proposed Context-Specific Theories

2.10 Music Investment Volatility Theory (MIVT)

2.10.1 Definition and Conceptual Overview

The Music Investment Volatility Theory (MIVT) is proposed as a context-specific framework for understanding the dynamics of financial investment in Nigeria's music industry.

It posits that investment outcomes are shaped by the interaction between financial logics, symbolic motivations, and structural constraints, which collectively produce distinctive patterns of volatility not adequately captured by existing financial or cultural theories. Unlike conventional investment models that assume rational decision-making and stable market structures, MIVT recognizes the hybrid nature of music investment decisions, which are simultaneously economic, cultural, and social in character. This interaction creates systemic fluctuations that affect capital flows, revenue outcomes, and investor behavior in ways that differ significantly from other sectors.

2.10.2 Rationale for the Theory

Traditional investment assessment models typically rely on two dominant logics: financial fundamentalism (grounded in rational, profit-maximizing behavior) and emotional or symbolic valuation (driven by status, prestige, or cultural affiliation). While Real Option Logic explains flexible financial decision-making, and Symbolic Capital Theory highlights prestige-driven investment, neither adequately accounts for the volatile patterns observed in Nigeria's music economy. This volatility manifests in sudden surges in artist value, unpredictable revenue streams, and disproportionate risk exposure for both formal and informal investors.

Furthermore, the absence of structured valuation systems, the prevalence of informal market transactions, and weak institutional regulation amplify these fluctuations. MIVT addresses this theoretical gap by offering a more holistic explanation that integrates economic, cultural, and structural factors to explain why music investments in Nigeria behave unpredictably and why traditional risk models often fail in this context.

2.10.3 Core Propositions

MIVT is anchored on the following core propositions:

Volatility as a Systemic Outcome

Investment volatility in Nigeria’s music industry arises not from isolated market shocks but from the structural interaction of informal systems, symbolic motivations, and unstable financing mechanisms.

Dual Logics of Decision-Making

Music investment decisions operate under a dual logic, financial calculation and symbolic aspiration. Both of which influence capital allocation and risk tolerance.

Institutional Weakness as a Volatility Driver

Regulatory gaps, informal contracts, and weak enforcement mechanisms act as volatility multipliers by making investment outcomes less predictable and harder to model using traditional frameworks.

Temporal Instability

Investment values and returns are subject to rapid shifts driven by viral trends, celebrity status changes, algorithmic exposure, and cultural events, which makes long-term forecasting inherently uncertain.

2.10.4 Conceptual Model

MIVT can be visualized as a triangular interaction among Financial Logic, Symbolic Motivation, and Structural Conditions. The overlapping zone represents the volatility core, where unpredictable investment patterns emerge. This model emphasizes that volatility is not an anomaly but a structural feature of the Nigerian music investment ecosystem.

2.11 Symbolic–Structural Music Investment Theory (SSMIT)

2.11.1 Definition and Conceptual Overview

Symbolic Structural Music Investment Theory (SSMIT) builds on and extends both Symbolic Capital Theory and structuralist approaches to creative industries. It argues that investment behavior and capital flows in Nigeria’s music sector are shaped by the interdependence between symbolic incentives (such as cultural prestige, status, and network positioning) and structural enablers (such as infrastructure, institutional frameworks, and market organization).

Unlike theories that treat symbolic and structural dimensions separately, SSMIT posits that investment strategies emerge from their intersection, where symbolic aspirations are either enabled or constrained by the structural environment. This approach provides a more integrated explanation of how investors and stakeholders navigate the informal yet culturally vibrant Nigerian music economy.

2.11.2 Rationale for the Theory

Existing theories tend to emphasize either symbolic motives (as in Bourdieu's framework) or structural market dynamics, but rarely both simultaneously. In Nigeria's music industry, investors often pursue symbolic goals such as cultural relevance, association with celebrity figures, or community prestige, while operating within a structurally weak, informal, and rapidly evolving market. This duality creates a unique investment logic that cannot be fully explained by symbolic or structural theories in isolation.

SSMIT provides the rationale for understanding how symbolic aspirations are negotiated through, and often limited by, structural realities. It also highlights how improvements in structural systems (e.g., regulation, valuation standards, distribution infrastructure) can reshape symbolic investment patterns, potentially stabilizing volatile markets.

2.11.3 Core Propositions

SSMIT advances the following propositions,

Symbolic and Structural Interdependence.

Investment decisions are shaped by the simultaneous influence of symbolic motivations and structural capacities. Neither operates independently.

Symbolic Aspirations Drive Entry; Structural Conditions Shape Outcomes

Investors are often attracted to the music sector by symbolic incentives, but their eventual success or failure is determined by structural realities.

Structural Reforms Alter Symbolic Investment Patterns

Improvements in institutional and market structures can modify how symbolic capital is pursued and monetized, thereby changing the overall investment landscape.

Strategic Positioning Emerges from Symbolic Structural Alignment

Sustainable investment strategies are more likely to emerge when symbolic goals are aligned with structural capacities.

2.11.4 Implications

SSMIT provides a framework for policy development, strategic investment, and industry reform by illustrating how symbolic and structural dimensions can be harnessed to stabilize capital flows. For investors, it underscores the importance of evaluating not only cultural and symbolic value but also the supporting structural environment. For policymakers and industry stakeholders, it suggests that strengthening structural systems can lead to more predictable and sustainable investment behaviors.

2.12 Summary of Theoretical Contributions

The review of existing literature reveals that while Real Option Logic Theory, Symbolic Capital Theory, and Behavioral Finance perspectives provide valuable insights into investment behavior, they offer incomplete explanations of the distinctive dynamics operating within Nigeria’s music industry. These frameworks either focus on rational financial decision-making, symbolic status accumulation, or psychological biases in isolation. None adequately account for the structural informality, symbolic intensity, and market volatility that characterize the Nigerian music investment landscape.

In response to these gaps, this study advances two complementary theoretical frameworks: the Music Investment Volatility Theory (MIVT) and the Symbolic Structural Music Investment Theory (SSMIT). MIVT provides a context-sensitive explanation for the systemic volatility observed in music investment outcomes by integrating financial logic, symbolic motivations, and structural conditions into a unified model. It highlights volatility not as an anomaly, but as a structural feature of the industry that arises from the interaction of these elements.

SSMIT, on the other hand, offers a dual-lens approach that explains how symbolic aspirations and structural conditions jointly shape investment strategies, patterns, and outcomes. By emphasizing their interdependence, SSMIT moves beyond existing theories that treat symbolic and structural dimensions separately, offering a more holistic account of strategic positioning and capital flows in emerging music economies.

Together, these two theories contribute to the scholarly discourse by:

Expanding theoretical understanding of investment behavior in informal and culturally driven industries.

Bridging the gap between economic, cultural, and structural perspectives;

Providing a foundation for empirical investigation into the mechanisms of volatility and strategic investment in Nigeria's music industry; and

Offering practical insights for policymakers, investors, and industry stakeholders seeking to stabilize and grow the sector.

In sum, the integration of MIVT and SSMIT enhances the theoretical landscape of creative industry research by introducing contextually grounded models that better reflect the complex realities of investment in Nigeria's music ecosystem.

3.0 Methodology

This study adopts a mixed-methods research design to examine the financial realities facing emerging Nigerian music artists and independent record labels. It combines quantitative analysis of investment and revenue data with qualitative insights drawn from participants' experiences and perceptions. The research explores how investment decisions are made across the full music production cycle, pre-production, production, and post-production and how these financial commitments translate into actual or unrealized returns. Grounded in the informal structures that define Nigeria's music economy, the methodology integrates statistical and thematic approaches to capture both measurable outcomes and underlying motivations. The analysis is guided by two context-specific theoretical frameworks developed in this study: the Music Investment Volatility Theory (MIVT), which explains the instability of investment outcomes, and the Symbolic–Structural Music Investment Theory (SSMIT), which highlights the interaction between symbolic value, structural limitations, and financial behavior in creative decision-making.

3.1 Sample

The sample comprised 50 emerging unsigned artists and 10 independent record labels operating in Lagos and other key music hubs in Nigeria.

3.2 Data Collection

Primary data on investment and revenue were collected through structured questionnaires and interviews, focusing on the most recent music releases or projects from each participant. Data points included total production and promotion expenditure, event performance, back end and overall returns.

3.3 Data Analysis

Quantitative data on investment, revenue, and cost structures were analyzed using descriptive and comparative statistics, including mean, range, and ratio analysis. Pearson correlation was applied to assess the relationship between investment and return, while the coefficient of variation (CV) was used to evaluate volatility. Qualitative data were coded thematically to interpret underlying motivations and perceptions influencing financial behavior. Also need to mention what we used to identify themes. Descriptive statistical methods were applied to calculate average investment amounts and returns for both artists and labels. These patterns were analyzed through the lens of MIVT to identify disproportionate investment-return relationships and sources of volatility.

3.4 Ethical Considerations

This study adhered to established ethical research guidelines to protect the rights, privacy, and confidentiality of all participants. Informed consent was obtained from all participating artists and independent record labels prior to data collection. Participants were fully briefed on the purpose of the study, the nature of the information being requested, and how the data would be used.

To ensure privacy and anonymity, no real names, identifying details, or specific revenue figures were disclosed in the report or analysis. All data was aggregated and presented in summary form to prevent the tracing of any financial or personal information back to individual participants. Unique identifiers were used in place of real names during data analysis and storage to maintain confidentiality.

Furthermore, participants were assured that their involvement was voluntary and that they could withdraw from the study at any stage without any consequences. All data collected has been securely stored and will not be shared with third parties or used for purposes beyond this research.

The research design and data handling procedures were reviewed to ensure they meet ethical standards appropriate for research involving human subjects, particularly within informal and creative economic sectors where financial disclosures may be sensitive.

4.0 Findings

The study examined financial and behavioral investment patterns among emerging artists and independent labels in Nigeria using descriptive, comparative, and correlational analyses supported by qualitative thematic insights. The results confirm a significant mismatch between investment and return, high outcome volatility, and symbolic motives driving music financing decisions.

4.1 Emerging Artists: Low Returns Despite High Creative Investment

Figure 1-*Summary of Investment and Returns among Emerging Artists and Record Labels in Nigeria.*

Summary of Investment and Returns among Emerging Artists and Independent Labels

GROUP		Avg-investment $	Avg-Return $	ROI	CV
Emerging Artist	50	1,000	10	1.0	70
Independent Labels	20	20,000	2,000	10.0	60

Descriptive analysis revealed that the 50 emerging unsigned artists invested an average of over US $1,000 per release on production, promotion, and distribution. Reported returns averaged less than US $10 within six months of release, primarily from limited streaming royalties and minor performance fees. No participant recouped initial investment during the observation period, producing an estimated ROI below 1%. Comparative analysis showed wide dispersion in results, with a coefficient of variation (CV) exceeding 2.5, indicating extreme volatility in returns. This suggests that even similar investment levels yielded unpredictable outcomes.

4.2 Independent Labels: Larger Scale, Similar Instability

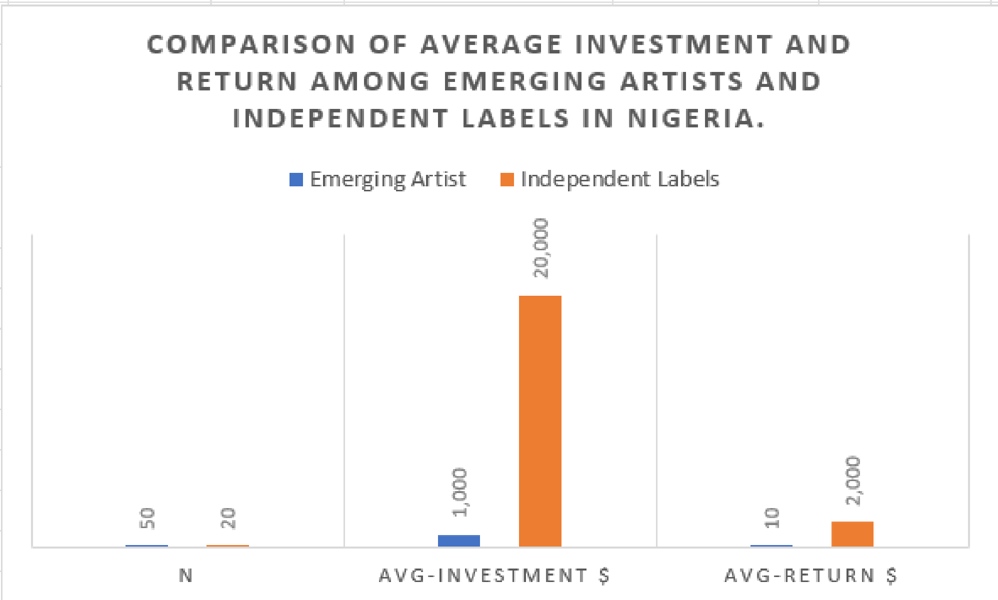
The 10 independent labels in the sample reported average annual investments above US \$20,000 across multiple artists and releases, with mean returns under US \$2,000. The resulting ROI was below 10%, and most labels failed to break even within the fiscal year. Despite higher resource capacity and broader reach, independent labels displayed similar volatility levels (CV ≈ 2.2) to emerging artists. Comparative data indicated that scale did not mitigate financial instability; rather, it amplified exposure to market unpredictability.

4.3 Correlation and Volatility Patterns

Figure 2- Summary of Investment and volatility level

Summary of Investment and Returns among Emerging Artist and Record Labels In Nigeria

The study found that emerging artists (n=50) invested average of \$1,000 per project, with mean returns below \$10. Independent labels (n=10) invested an average of \$20,000 annually, yielding less than \$2,000 in returns. The coefficient of variation (CV) exceeded 60% across all samples, indicating significant volatility in investment outcomes.



Correlation analysis between investment and return showed a weak positive relationship (r = 0.12), signifying no consistent link between the amount invested and project outcome. This inconsistency reflects systemic market volatility, aligning with the assumptions of the Music Investment Volatility Theory (MIVT). It demonstrates that financial success in Nigeria's music economy often depends on random exposure events (such as viral content or algorithmic boosts) rather than proportional capital investment.

4.4 Qualitative Insights: Symbolic and Behavioral Investment Drivers

Thematic analysis highlighted symbolic motivations as a major determinant of investment decisions. Many artists invested in projects for reputation, recognition, and social capital rather than short-term profit. This symbolic return mindset often encouraged high-risk spending without clear commercial strategy. Participants also cited structural barriers, such as piracy, opaque streaming revenue systems, and lack of formal financing as key factors driving unrecouped investments and erratic earnings.

4.5 Interpretation: Evidence of Volatility and Symbolic Investment Structures

The combined results empirically validate the propositions of MIVT and Symbolic-Structural Music Investment Theory (SSMIT). Financial outcomes were unstable (quantitative volatility), and investment behavior was driven by symbolic motives (qualitative volatility).

Real Option Logic Theory (ROLT) partially explains the stage-based investment behavior, where decisions are made flexibly across pre-production, production, and post-production but fails to account for the emotional, symbolic, and systemic instability revealed by this study. Hence, volatility in Nigeria's music financing is not merely a short-term fluctuation but a structural condition of creative entrepreneurship, shaped by uncertain market mechanisms and non-financial motivations.

4.6 Unpaid Live Performances: The "Exposure Economy" and Structural Exploitation

A critical pattern identified across all 50 emerging artists and independent labels was the consistent expectation to perform at live events without financial compensation. Participants reported that promoters and event organizers routinely positioned unpaid performances as “opportunities for exposure” or “platforms” to be seen, particularly targeting those not yet established. However, these artists had already made significant investments in the creative process, covering costs across pre-production, production, and post-production stages. Performing at events often introduced additional expenses such as transportation and wardrobe costs, further straining their financial positions. While many artists acknowledged that such events could increase discoverability, they also questioned why performances that directly contribute to audience engagement and event value should not be treated as paid business engagements. Several participants noted that they chose to decline such appearances because the out-of-pocket costs were too high, and the symbolic exposure rarely translated into tangible returns.

This pattern, reflects a broader structural and cultural problem, the normalization of unpaid creative labor under the guise of opportunity. It also reveals how a lack of understanding or disregard for the economics of music creation among audiences and promoters contributes to systemic undervaluation. The symbolic logic behind exposure-driven justification aligns with the propositions of SSMIT, while the resulting unpredictability in income from live performance supports MIVT. Ultimately, this unpaid performance culture further undermines ROI and contributes to the entrenched volatility of Nigeria’s informal music economy.

5.0 Discussion and Implications

5.1 Interpretation of Findings in Relation to Theory

The findings of this study provide strong empirical support for the Music Investment Volatility Theory (MIVT) and the Symbolic–Structural Music Investment Theory (SSMIT), while simultaneously revealing the limitations of earlier frameworks such as Real Option Logic Theory (ROLT), Symbolic Capital Theory, and Behavioral Finance perspectives. The quantitative evidence, particularly the weak correlation between investment and return ($r = 0.12$) and the high coefficients of variation ($CV > 2.0$) confirms that financial outcomes in Nigeria's music industry are highly unpredictable. This aligns directly with the central proposition of MIVT, which views volatility not as a random occurrence, but as a systemic outcome of the interaction between informal structures, symbolic motivations, and weak financial systems. While Real Option Logic Theory (ROLT) provides a useful model for staged investment in stable, data-rich environments, its assumptions of rationality and predictability limit its explanatory power in informal creative markets. In contrast, the Symbolic–Structural Music Investment Theory (SSMIT) expands this logic by incorporating symbolic motivations and structural fragility as integral variables shaping investment outcomes. Thus, SSMIT reinterprets the "option logic" of ROLT within the cultural and institutional realities of the Nigerian music economy.

In contrast, ROLT, while useful for explaining staged investment decisions in stable markets, assumes a rational and data-rich environment—conditions absent in Nigeria's informal music economy. The findings demonstrate that investors and artists rarely follow sequential or option-based decision patterns; rather, their choices are shaped by emotional conviction, peer influence, and symbolic aspirations. Similarly, while Symbolic Capital Theory captures the desire for prestige and reputation, it overlooks how these symbolic motives interact with structural weakness to create volatile outcomes. SSMIT advances this understanding by showing that symbolic aspirations (such as visibility or cultural status) operate within fragile structural systems (poor regulation, limited financing mechanisms, and algorithmic bias). The findings, particularly artists' willingness to invest heavily without recoupment, illustrate this intersection vividly.

Thus, the study contributes to theory by empirically demonstrating that symbolic incentives and structural instability jointly drive financial unpredictability, validating SSMIT's central argument.

5.2 Comparison with Prior Studies

The results extend and refine several observations from the reviewed literature, aligning with Structural Informality Studies. The findings corroborate McNeill (2012) and Njangang et al. (2020), who identified the persistence of informality and financial exclusion as major constraints in African creative economies. Like these studies, this research confirms that informal production networks and lack of access to credit sustain high volatility and limit scalability.

5.3 Divergence from Classical Finance Models:

The weak relationship between investment and return diverges from behavioral finance assumptions that rational adjustments follow experience or loss (Akinkoye & Bankole, 2020). Instead, artists continued to reinvest despite recurring losses, emphasizing symbolic over financial motives, an insight more consistent with SSMIT than with behavioral finance.

5.4 Extension of Algorithmic Bias Literature

Echoing Tofalvy & Koltai (2021) and Ferraro et al. (2021), the study confirms that algorithmic visibility plays a crucial role in shaping investment outcomes. However, this study adds a new dimension by showing that algorithmic unpredictability itself acts as a volatility driver, making it not only a marketing issue but a structural investment risk factor in developing contexts.

5.5 Complementarity with Cultural Investment Theories

Schreiber & Rieple (2018) and Fedor (2020) emphasized reputation-driven investment behavior in cultural industries. This research builds on that by demonstrating how such symbolic behavior interacts with structural weaknesses to amplify volatility, leading to financially unsustainable but symbolically rewarding investments. Overall, the findings both align with existing research on informality, risk, and symbolic behavior and diverge by introducing volatility as a measurable structural condition, rather than a byproduct of inefficiency or emotional bias.

5.6 Implications for Theory

This study provides three key theoretical contributions:

Reframing Volatility as Structural

By quantifying volatility and linking it to informal systems, MIVT challenges the notion of volatility as a short-term deviation. It reframes it as a structural state of the Nigerian music economy.

Integrating Symbolic and Structural Logics

Through SSMIT, the study unifies symbolic motives and structural conditions into a single explanatory framework, showing how emotional, cultural, and infrastructural factors interact in shaping investment outcomes.

Bridging Rational and Cultural Theories

The results suggest that investment decisions in creative sectors require hybrid models that merge economic rationality with socio-cultural realitie, filling a critical theoretical gap in global creative economy research.

Furthermore, this study advances SSMIT as not only a conceptual framework but a strategic investment model designed for volatile creative markets. SSMIT operationalizes theoretical insights into a three-phase process, testing symbolic traction, monitoring structural feedback, and scaling investments that demonstrate both cultural resonance and infrastructural compatibility. This transforms SSMIT from a descriptive theory into a practical guide for staged music investment decision-making in emerging economies.

5.7 Implications for Policy

From a policy perspective, the findings highlight the urgent need for institutional strengthening and financial formalization in Nigeria's music industry

Data Infrastructure

Establishing reliable industry data systems is essential for credible investment evaluation and risk modeling.

Creative Finance Mechanisms

Government and private institutions should develop tailored financial products (e.g., music investment funds, streaming royalties securitization) to reduce informal dependence.

Regulatory Reforms

Strengthening copyright enforcement and industry governance will enhance investor confidence and mitigate volatility.

Algorithmic Transparency

Policies should encourage streaming platforms to disclose recommendation and royalty structures, ensuring fairer visibility for local artists.

These measures would not only reduce volatility but also create a more predictable environment that bridges the gap between symbolic ambition and economic stability.

5.8 Implications for Industry Practice

For practitioners artists, label owners, and investors, the findings underline the importance of strategic risk management and data-informed decision-making. Artists should view investments not merely as symbolic expressions but as strategic steps within a volatile market that requires diversification and adaptive learning. Independent labels can mitigate volatility by integrating structured budgeting, collaborative financing models, and transparent reporting systems. Industry associations should promote professional education in creative finance and investment literacy. In practice, the SSMIT framework provides a structured roadmap for investment in the music industry. Artists and independent labels can apply its phased logic by first testing audience response with limited releases, then monitoring symbolic structural signals such as algorithmic reach and engagement data, and finally scaling investment in projects that achieve both cultural and infrastructural alignment. This phased approach reduces exposure to financial losses while enhancing strategic agility in volatile markets.

Furthermore, adopting the stage-specific investment logic drawn from ROLT—while adjusting it to informal realities—can help practitioners sequence their investments more strategically, minimizing exposure to sudden losses.

5.9 Limitations and Directions for Future Research

While this study provides valuable insights, several limitations must be acknowledged. First, the sample size, though representative of Nigeria's independent music ecosystem, limits generalizability to all African contexts. Second, financial data were self-reported and may contain minor inconsistencies due to recall bias or informal recordkeeping. Third, the study primarily focused on emerging artists and independent labels, excluding major label structures whose investment behavior may differ.

Future research should

Expand the dataset to include multiple African markets for comparative analysis;
Employ longitudinal designs to measure volatility over time;
Incorporate algorithmic and streaming data analytics to model digital-era financial behavior more precisely. Such extensions would further test and refine MIVT and SSMIT, potentially evolving them into pan-African creative investment models.

5.10 Recommendations

Adopt Phased Investment Models

Artists and independent labels should apply SSMIT's phased structure—test cultural traction, monitor symbolic and structural signals, and scale strategically—to reduce financial exposure and improve decision-making.

Institutional Collaboration

Strengthen cooperation between policymakers, private investors, and digital platforms to improve data transparency and royalty structures.

Fair Compensation Advocacy

Industry bodies should discourage unpaid live performances disguised as "exposure," which exploit emerging artists and distort value systems.

Financial Education

Implement structured creative finance literacy programs for artists and label managers to promote sustainable budgeting and risk assessment.

Policy Reinforcement

Governments should formalize creative financing systems, incentivize transparent label operations, and regulate live performance payments to protect creators.

5.11 Contribution to Knowledge

This study makes significant contributions to the understanding of investment behavior and financial volatility in the Nigerian music industry. Its originality lies in combining quantitative and qualitative insights to explain how symbolic motivations and structural weaknesses interact to shape unstable financial outcomes in emerging creative economies.

Theoretical Contribution

The study introduces and empirically validates two new frameworks, Music Investment Volatility Theory (MIVT) and Symbolic–Structural Music Investment Theory (SSMIT). These models reframe volatility as a structural condition rather than a random market phenomenon and integrate symbolic and structural logics into a single explanatory framework for creative investment behavior.

Empirical Contribution

Through mixed-method analysis, the research quantifies investment–return disparities and provides measurable evidence of volatility ($CV > 2.0$; $r = 0.12$). It further identifies unpaid live performances as a form of structural exploitation within the "exposure economy," extending the concept of symbolic labor into the African creative context.

Contextual Contribution

By focusing on Nigeria's informal music economy, the study expands the geographic and cultural scope of creative economy research—highlighting how informality, weak institutional frameworks, and digital uncertainties shape artistic entrepreneurship in the Global South.

Practical Contribution

The study offers actionable insights for artists, labels, and policymakers by linking symbolic and financial logics, proposing data-driven decision-making, structured financing, and fair compensation practices to enhance sectoral sustainability. Collectively, these contributions advance scholarly understanding of creative economy dynamics and offer a foundation for future pan-African comparative research in cultural investment and music entrepreneurship.

5.12 Summary and Conclusion

In sum, the findings affirm that volatility in Nigeria's music industry is not accidental but structural, emerging from the interplay of symbolic aspirations, weak institutional frameworks, and digital-era uncertainties. Collectively, this study introduces two complementary frameworks: Music Investment Volatility Theory (MIVT), which conceptualizes volatility as a structural condition, and Symbolic–Structural Music Investment Theory (SSMIT), which offers a phased and context-specific strategy for managing it.

Together, these frameworks bridge theoretical understanding and practical application, offering new pathways toward stability, fairness, and economic sustainability in Nigeria's and Africa's creative economies.

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Appendix A

Research Questions

This study was guided by the following research questions:

1. How do emerging Nigerian artists and independent labels make investment decisions across different phases of music production and promotion?
2. What patterns exist between investment levels and financial returns in Nigeria's informal music economy?
3. How do symbolic factors (such as fame, exposure, and audience validation) and structural conditions (such as algorithmic bias and weak monetization systems) influence investment behavior?
4. How can the Music Investment Volatility Theory (MIVT) and Symbolic–Structural Music Investment Theory (SSMIT) explain and help manage volatility in Nigeria's music investment landscape?

By addressing these questions, the study aims to deepen understanding of the financial and symbolic dimensions of music investment in emerging markets. It also offers theoretical and practical insights for artists, investors, and policymakers navigating the complexities of Nigeria's digital-era music economy.