

An Examination of the Appropriateness of Market Approach for the Valuation of Artwork: a Study of Sculpture

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Abstract

Artworks, crafts and artifacts especially in Black Africa are the base of civilization. They constitute a variety of objects which have certain characteristics that set them apart from other properties. They may be tools, weapons, domestic utensils, jewelry, furnishings, etc. The position of artworks in the life of people especially in African is unique. Works of art can be presented as historical documents, aesthetics wholes in themselves and also as social indicators or cultural symbols that both reflect and influence the way of life of the people. This study examined the appropriateness of market approach to the valuation of artworks. Quantitative and qualitative methods were used in carrying out logical, scientific as well as a constructive assessment of the data available and the research questions. Standard metrics were developed as a result of divergent views and opinions of varied stakeholders, lovers of artwork, investors, the artists themselves as well as the public represented by the government. The study revealed that the valuation of artwork though they are properties, unfortunately does not follow the universally accepted notion of exchange. The driver of value for works of art is the power of possession not merely of the physical work but for political and social power/status. The emotional connection felt towards a work or collection creates subjective personal value not truly understandable by the market. The study recommended a methodology that could be used in assessing the fair value of artwork.

Keywords: *Artwork, Sculpture, Valuation, Culture,*

Background to the Study

Art works are properties. Like every other property they are capable of being identified, owned, assessed and economically managed for the owner who may be an individual, a corporate organization or the society. Art works have served many functions in our society. They have been used for religious purposes, political ends and simple entertainment. Works of art can be presented as historical documents, aesthetics wholes in themselves and also as social indicators or cultural symbols that both reflect and influence the way of life of the people.

Unfortunately, people of diverse culture are yet to come to terms with their artworks. There has continued to be a vacuum in appropriate methodologies for the scientific valuation of art works, crafts and artifacts especially in Black Africa that has proved to be the base of civilization and the repository of Artworks.

The reason for this is obviously as a result of the understanding of many that Art valuation is a subset of financial valuation. This is because of the misconception that art valuation is the process of estimating the potential market value of works of art for financial records. This view which has definitely been criticized by some real property valuers seem to negate the fact that subjective view of cultural value, as well as philosophical dimensions come to bear whenever the valuation of artworks is discussed. Though it is trite to state that valuation of artworks is necessitated by the desire for collection, investment, divestment, and financial purposes; it must be recognized that it is also needed as part of estate valuations, for charitable contributions, for tax planning, insurance and loan collateral purposes.

Statement of the Research Problem

Over the years effort has been devoted towards the valuation of land and buildings; plant, machinery and equipment; motor vehicles, furniture, fixtures and fittings. Books and research materials abound on their valuation methodologies. Little, if any work has been done on Artwork.

Roger-Fry (1939) was the first recorded art critic and historian who observed that of all properties it is perhaps artwork that has not been treated fairly in analysis and research. He noted that "If ever there was a study needing as it does the co-operation of so many sciences it is surely that of Art." He made that claim knowing as it were that the benefits it would confer would be at least equal to those it would receive. He understood the obvious crying need for systematic study in which scientific methods will be followed wherever possible in the study and analysis of artwork. Today as ever before, this 'crying need' for systematic study in which scientific methods will be followed has not been resolved. There has continued to be a vacuum in appropriate methodologies for the scientific valuation of art works, crafts and artifacts. This is the problem which this study intends to resolve or at least contribute to its resolution.

Objectives of the Study

The aim of this paper is to examine the appropriateness of market approach to the valuation of artworks. The objectives were

- 1) To identify what constitutes artwork and determine the components
- 2) To examine the basis and methods of valuation.
- 3) To find out how a piece of art work should be priced or valued
- 4) To develop a model for the assessment of the value of artwork.

Research Questions

1. What are the components of artwork in the study area?
2. What processes could be followed to value an artwork?
3. What are the basis and methods of valuation for the valuation of artwork?
4. What model could aid the determination of the value of artwork?

Scope of Study

There are many forms of artwork – sculpture, carving, painting, printing, and drawing. Of all these, the study will concentrate on sculpture. The study will examine only three forms of medium – wood, metal, and clay. Although other forms will be discussed, concentration will be on the three. It is intended that the methodology to be evolved will be of general application to the valuation of artworks on all forms of medium.

Literature Review

Studies in art and culture reveal very interesting aspects of human endeavour. According to Uchendu (1988), culture is meaning centered and a public property. It is this public character of culture that surrounds its concept. Culture is more than just a heritage, a historical product. It is more than the expression of a man's mode of living, something that individuals in each society must undergo as a kind of fate or rite de passage. It is an accepted fact that culture produces needs as well as provides a means of fulfilling them. Culture throws up to history, social facts which the sieve of history can hold thereby making every culture a precipitate of history. Kluckhohn (1963) restates the obvious that “to be human is to be cultured”. Art is like a map, an abstract but approximate representation of a particular cultural entity which enables the young and the stranger to find their way in particular cultures. Consequently, all culture-bearers are creators and carriers of culture and its products.

The visual art has a tendency to abstraction. Parinder (1977) saw this tendency as characteristic of African art when he wrote in African Mythology that most African art aim at expressing feeling, not by copying faces and bodies, but by emphasizing muscles, power, facial character and mystery. In the actualization of this artistic

tendency, however, it has been pointed out by other Art scholars that some art adopt more vigorously dynamic postures than others which show more repose in their postures. A seeming examination between Yoruba and Igbo art will clarify the observed tendency towards abstraction.

As noted by Beier and Cole (1975), Mbari art centres in Igbo land are center pieces of very dynamic art embodying symbolic and satirical recreations of events and people in the communities of the periods of their creation. A consideration of the perception and world view of the people is important if the value of art and culture of the people must be adequately assessed.

Artworks are properties. They are things of value, capable of being owned. Property connotes possession and the belongings of a person that the owner can conveniently use and alienate as he desires. It is a right that does not depend on another. Property is divided into tangible and intangible. Tangible properties are those things that can be seen, held or embraced. They are the physical possessions of a person or group of persons such as Land, buildings, motor vehicles, clothes, furniture, fittings, fixtures etc. They may be fixed (immoveable) or floating (moveable). Intangible properties are rights of ownership not necessarily backed by the occasion of physical possession. They are things that are capable of ownership, valuable and legally enforceable. Artworks are both tangible and intangible properties. In one form they are physical and in another form can only be owned as a right not necessarily physically possessible. Artwork is a thing of joy; a wonderful property by a people. The path to proper assessment of the value of Artwork of a people is first an understanding of the people's world view. Although many people including Balfe (1993) believe that the potential market value of works of art is more of a financial rather than an aesthetic concern, subjective views of cultural value play very important part. A people's world view and their social structure are two elements of the socio-cultural system; and they play an important role in the social system. The world view shapes the social structure, the body of rules which governs society and gives direction to its institutions. Social structure is like the "building block" of society. It is not a concrete phenomenon. It is a statement of principles embodied in objective reality.

Art is a diverse range of human activities and the products of those activities; this article focuses primarily on the visual arts, which includes the creation of images or objects in fields including painting, sculpture, printmaking, photography, and other visual media. Art works constitute a variety of objects which have certain characteristics that set them apart from others. Some of these objects may be tools, weapons, domestic utensils, jewelry, furnishings etc. According to Ojo (1982), carved doors and door posts, anthropomorphic and zoomorphic sculptures

exemplified in masks, and other objects used in religious and social ceremonies are all forms of art works. There is no doubt therefore that rock paintings and engravings which are the earliest examples of man's artistic endeavour are veritable art works. So also are decorated pottery, sculptural representations in clay, bronze, stones and ivory. Shaw (1978) observed that the production of art works is dependent on certain social and economic conditions such as economic specialization that allows some members of the community to produce non-utilitarian objects that has no direct connection with the primary objective of getting a living and the existence of enough leisure to enjoy such objects. According to him "there was considerable leisure, giving opportunity for the beginning of the arts, of modeling in clay and of body decoration"

Art is a way of life. According to Beecher (2012), we were born to make manifest of the art that lives inside of us, all of us. For some it may be through writing, painting, or designing a room. For others, it ventures out through conversations, the act of listening, playing football, or baking a cake. Every living soul is an artist. Whether it's the way we dance our babies to sleep, or brighten a stranger's day with a smile. We are living art, leaving a trail of paint behind us and wherever we go. Art enables us to find ourselves and lose ourselves at the same time. The most beautiful pieces are rarely epic. They are often hidden in dusty attic corners. They are quirky, odd, and often go unnoticed to the world. Van Gogh, who painted almost 900 pictures in his lifetime, sold only one. And it was just before his death yet, he lived a fulfilled life because his art works continue to speak for him.

The position of artworks in the life of an African was subsumed by Roesse (2007). In sub-Saharan Africa, sculpture is made and used for particular, practical purposes. In many instances it is used to mark events or stages of life like fertility, birth, transition, death. Carvings are used for initiation and coming-of-age rituals, for harvest festivals and celebrations, for funeral occasions. The nature and intensity of art and artworks in people's lives cannot be overemphasized. According to Wilde (2011), Art is the most intense mode of individualism that the world has known. Being a very famous art celebrity, he is competent to tell. Art is the desire of a man to express himself, to record the reactions of his personality to the world he lives in.

Forms of Artwork

One form of art works is carving. This is the act of using tools shape something from a material by scraping away portions of that material. The technique can be applied to any material that is solid enough to hold a form even when pieces have been removed from it, and yet soft enough for portions to be scraped away with available tools.

The most outstanding yet difficult artworks are those of pottery. Pottery making in Africa began around the 7th millennium BC and continues to this day in the various regions of the continent. In most cases, pottery was made by women. Clay was worked on entirely by hand and shaped and fashioned into the desired shape. In other cases, the women would pour the clay into a mould made of pottery, wood or a calabash. Clay pots were and still are being used to cook food, store water and for various other food preparation functions. After drying the clay, the pots are put in a pile and covered with wood, bark or dried cow dung and baked outdoors in an open fire.

However in Nigeria and Mali, real kilns are used to bake the pots. Ivory carving tools and methods changed little until the end of the 19th century. Carvers used axe and chisel for stripping the outer rind from the tusk, then saw for cutting the tusk into manageable sections. Thereafter, an implement known as a float would be used to pare the surface. It only then that the carver would resort to his fretsaws, gauges and hand chisel to carve the piece as needed. This method changed around 1900 with the introduction of power driven rotary saws and dental-type drills. As powerful fast and labour saving machine tools, they revolutionized ivory carving that by 1950 became commonly used around the world.

Painting is perhaps the commonest form of art. Its simplicity of practice almost makes it an all comers affair. Painting is the practice of applying paint, pigment, colour or other medium to a surface. Sculpture is the process of forming an object by removal of materials from a parent body or addition of materials such as clay usually referred to as modeling. Sculpture could be practiced in materials such as clay, stone, metal, ceramics, wood and other materials. Sculpture has been central in religious devotion in many cultures, and until recent centuries large sculptures, too expensive for private individuals to create, were usually an expression of religion or politics. Those cultures whose sculptures have survived in quantities include the cultures of the Ancient Mediterranean, India and China, as well as many in South America and Africa.

Value and Valuation

Value is the utility of a good or service and the power of a good or service to command other goods, services, or money, in voluntary exchange. Value is ascribed in the minds of people who make up the market hence is most times subjective. Value change when certain factors and circumstances exist. Basically, there are four primary factors which create value. These are Utility, Scarcity, Supply and Demand, and Purchasing Power. It must be noted very specifically, that these factors or forces cannot exert the required pressure to create or affect value without the market which itself is composed of individuals (people). People create value by

creating the utility, influencing the scarcity, and affecting the demand. Utility, scarcity, demand exist only because people exist.

The driver of value for works of art is the power of possession not merely of the physical work but for political and social power/status. Judith (1993) observed that the emotional connection felt towards a work or collection creates subjective personal value not truly understandable by the market. Valuation is the process of estimating the worth of a property. The traditional approaches to valuation include Income, Cost and Market. The Income approach converts anticipated future benefits of ownership into an estimate of present value. This approach typically employs a discounting procedure. The philosophy behind discounting is that a future sum of money is generally considered to be worth less than the same amount now. The present worth of a future sum is that sum which, if invested today at a given interest will at the end of the future date amount to the future sum.

The Cost approach is based on the assumption that an informed purchaser would pay no more for an asset than the cost of producing a substitute asset with the same utility as the one being assessed. In the cost approach, market value is estimated by computing the current cost of replacing the subject's improvement and then subtracting any depreciation. The market data approach is based on the assumption that an informed purchaser will not pay any sum of money more than the cost of acquiring an existing asset with the same utility. This approach estimates market value by comparing the sales price of recent similar transactions with the various attributes of the asset being valued. Dissimilarities with respect to age, condition, size and others observed between the assets are resolved by making appropriate adjustments.

The reliability of the market data approach depends on three factors of availability of comparable sales data, verification of sales data, degree of comparability or the extent of adjustment necessary to equalize the differences between the properties. Where the adjustments are few and relatively simple to compute, market data approach often provides a highly supportable estimate of value. This approach requires that the market must be researched to locate comparable sales to establish a basis for supporting an estimate of market value. Unfortunately and owing to the unique nature of artworks and crafts, comparables are often scarce and may not be enough to provide the required platform for adequate comparison.

Research Methodology

Hypotheses

From the research questions enumerated hypotheses were developed. These are here restated.

HO: = Null Hypothesis; Market approach is not appropriate for the valuation of artwork

HI: = Alternative Hypothesis; Market approach is appropriate for the valuation of Artwork

Development of Metrics

Standard metrics were developed as a result of divergent views and opinions of varied stakeholders, lovers of artworks, investors, the artists themselves as well as the public represented by the government. Standard Metrics of the arts and cultural sector in Western Australia, Department of Culture & Arts (DCA) was adapted to produce a framework that sensitively reflects artists' understanding of how best to foster and measure artistic quality, which could work effectively in different settings and across different art forms.

DIMENSION	DEFINITION
Inquisitiveness	The extent to which the work promotes curiosity in artist and audience
Imagination	The extent to which the work explores new possibilities or views
Originality	The extent to which the work breaks new ground (modes of practice or content)
Risk	The extent to which the artist is fearless and negotiates new artistic approaches
Rigour	The extent to which the work has undergone thorough research and development
Currency	The timeliness of creative idea in relation to contemporary events
Authenticity	The extent to which the work respects cultural tradition of the country of origin.
Innovation	The extent to which the work is able to realize creative ideas to real world outcomes
Excellence	The extent to which the work is widely regarded as best of its type in the world

Source: Department of Culture & Arts Australia.(adapted)

Table 2: Standard Metrics for evaluating the reach of Artworks

Dimension	Definition
Diversity	The extent to which the work engages a broad cross section of society
Connection	The quality of the connection of the work with communities of interest
Number	Number of people in communities of interest who directly engage with/ benefit from the work
Leverage	The ability of the work to attract investment from a range of sources
Platform	The capacity of the work to have long term influence and importance to communities of interest and practice
Collaboration	The extent to which the work connects with communities of practice

Source: Department of Culture & Arts Australia (adapted)

Data collected through questionnaires were collated and subjected to analysis through the use of Chi square statistic. This statistical test was considered appropriate because data generated in the course of the study contained both categorical and numerical data. It is denoted by the formula.

$$\chi^2 = \sum \frac{(\text{Observed Value} - \text{Expected Value})^2}{(\text{Expected Value})}$$

Data Presentation And Analysis

Table 3: Distribution and Retrieval of Questionnaires (General) to Artists

Artist	Distributed	Retrieved	Retrieval
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Table 4: Distribution of Questionnaires (Special) to Artists

Category of Respondent	No. Distributed	No. Retrieved	Percentage
Sculptors	25	25	100
Carvers	25	25	100
Painters	25	25	100
Photographers	25	25	100
Drawing Artists	25	25	100
Total	100	100	125

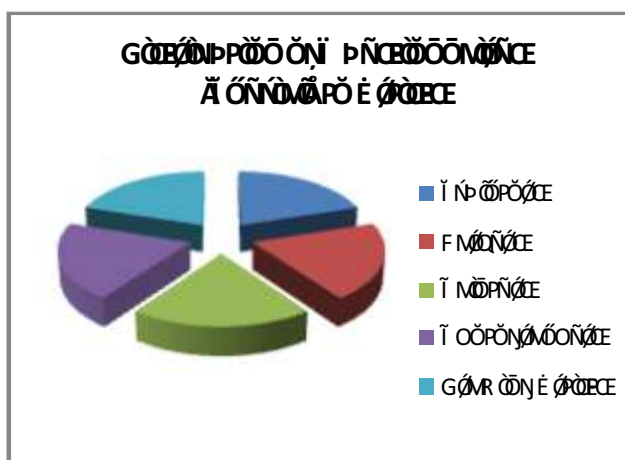


Fig. 1: Distribution of Questionnaire (Special) to Artists

Table 5: Analysis of Questionnaire (General) & Ranking of Responses

Art Form	World View (w)	Medium (m)	Craftmanship (c)	Labour (l)	Societal influence (i)	TOTAL
Sculpting	19	2	7	5	13	46
Carving	8	1	6	2	5	22
Painting	6	1	3	1	3	13
Drawings	7	1	4	2	4	18
SUMMARY	40	5	20	10	25	100
VALUE	4	0.5	2	1	2.5	10

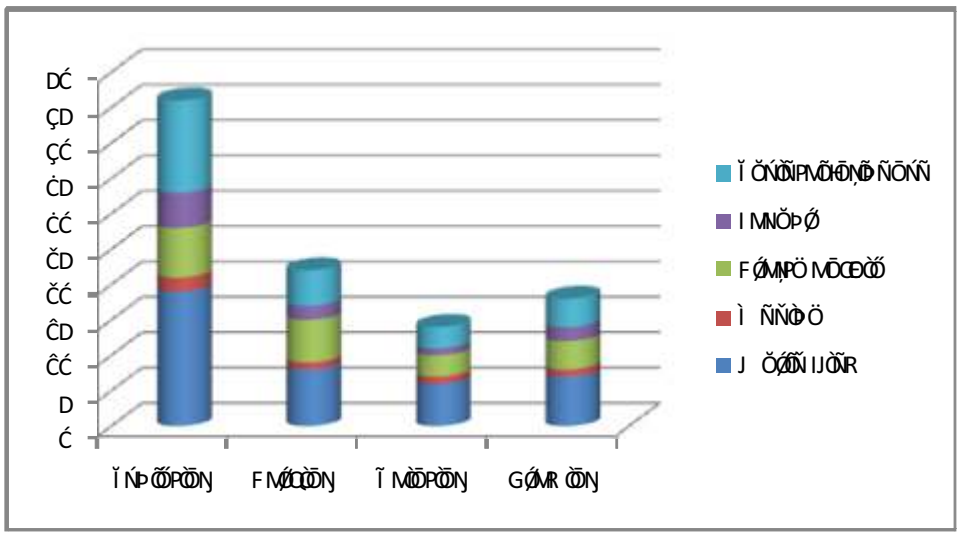


Fig. 2: Analysis of Questionnaire & Ranking of Responses

Hypothesis Testing

Chi Square statistic was used in testing hypotheses. Its use was informed by the characteristics of the data under consideration -

1. the sampling method was simple random sampling,
2. the variables under study were categorical, and
3. the expected frequency count was at least 5 in each cell.

Data: Contingency Table				Expected: Contingency Table		
	A	B		A	B	
1	17	8	25	1	13.8	11.2
2	15	10	25	2	13.8	11.2
3	15	10	25	3	13.8	11.2
4	10	15	25	4	13.8	11.2
5	12	13	25	5	13.8	11.2
	69	56	125			

Chi-square = 4.98; Degrees of freedom = 4; Probability = 0.289

Degree of Freedom: The degree of freedom (DF) is equal to:

$$DF = (5 - 1) (2 - 1) = 4 \times 1 = 4$$

where 5 is the number of levels for one categorical variable, and 2 is the number of levels for the other categorical variable.

Table 11: Chi Square distribution table.

Probability Level (Alpha)						
5 %						.001

The probability value of X^2 at a 4 degree of freedom is 9.488

Therefore, because the calculated chi-square value (4.98) is less than the Probability value (9.488) we **accept** the Null hypothesis that market approach is not appropriate for the valuation of artworks.

Summary, Conclusion and Recommendations

Summary of Findings

From our analysis of questionnaires, it was established the value of an artwork does not necessarily follow the conventional valuation models. The reasons are obvious - Artwork are considered and indeed are special properties because they exhibit all the characteristics of not being brought to the market, having special buyers with special interest, rarely change hands, are bought and sold by special arrangement (not in the open market), rarely have comparables, and so on. We have earlier got to the point where it was very clear that such a value is a function of the world view or Philosophy behind the artwork, the medium upon which it was produced, the craftsmanship of the artist, the time and materials spent in producing the work as well as the influence of the work on society.

$$\text{Value/Amount (A)} = f \{w, c, m, i, l\}$$

Where w = World view/Philosophy

m = Medium

c = Craftsmanship

l = Labour/Man-hour

i = Influence on society

The value of an artwork is a summation of the worth of the constituent factors/parts.

$$\sum [w, c, m, i, l]$$

By assigning absolute values (weight) to these constituent factors/parts, the value of an artwork could be determined. These values were the outcome of the analysis of questionnaires (general) which produce astonishing results

Worldview/Philosophy (W) = 4; Craftsmanship (C) = 2; Medium (M) = 0.5;

Influence on Society (I) = 2.5; Labour (L) = 1; (Sum of Absolute Value = of 10);

Conclusion

The value of an art work varies directly with the world view of a people as well as the experience of the artiste and the influence on society more than the material used and the labour expended. The experience of the artiste may not necessarily be measured in years on the job but in dexterity and the result of the final outcome. Art works could have positive or negative influence on society. Positive art encourages

sustainable development whereas negative art inhibits development.

The divergences of interests in artworks arise out of the historical as well as sociological background of people. Nations and communities who pay more attention to their history seem to have more regard to artwork than others. This is one reason why many nations have used their art to advance in development whereas many others are still trotting behind. The valuation of artworks is an intricate affair that must be allowed for professionals only. Fortunately, the constitution of the Federal Republic of Nigeria and all other relevant laws of the Federation allowed the Estate Surveyor & Valuer the sole responsibility of undertaking the valuation of all classes of properties including artworks. The methodology to effectively carry out this function must be one that is tested and trusted. This work has only contributed a fraction of what is needed.

Recommendations

This study is still in its infant stage and requires funding and sponsorship. The need to properly engage in a systematic and scientific appraisal cannot be over emphasized. It is recommended that Anthropologists, Sociologists, Estate Surveyors & Valuers, Geographers, Archaeologists and all those interested and professionally trained to assess and document the cultural values of communities and the assessment of these values for posterity should carry out further works on the valuation of artworks. It is also recommended that government of developing nations especially Sub Saharan Africa should provide the platform for further research by sponsoring studies in valuation of artworks because of the limited and almost non availability of empirical data relating to artwork and crafts in Black Africa upon which policies of government could be based for sustainable economic/social development and national growth. It is further recommended that the curriculum of our tertiary institutions teaching and learning Estate Management & Valuation should be enhanced to cater for the valuation of arts, crafts and artifacts. This will help in harnessing the culture potentials of peoples of diverse origin for economic and social growth of nations.

Contribution to Knowledge

Valuation is simply the assessment of the worth of a property. Of all forms of property, it is perhaps artwork that has not been properly handled and a methodology evolved for its assessment. The idea of applying the three traditional approaches of valuation to the assessment of the worth of artwork has proved to be ineffective and unreliable. The market approach which seemed to offer some respite is unjustified because of the many subjective judgmental attributes of the process which also fails to take the world view or philosophy of the people into consideration. This study has come up with a methodology that incorporates all the

three approaches of valuation in addition to other salient and latent properties and characteristics of artwork as property. Though it is still crude, the methodology has the capacity of resolving and indeed will resolve many nagging issues and concerns of scholars and practitioners in the valuation industry.

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