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# FACTORS CONTRIBUTING TO THE VALUATION OF ARTS AND ARTIFACTS IN OGUN STATE, NIGERIA

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## ABSTRACT

*Arts and artifacts of various forms and sizes adorn different areas of property either on the wall, in the boxes or on the shelves. There are also evidences of uses of arts and artifacts for commerce. These and other uses of art and artifacts necessitated their valuation just like it is done for land and buildings. Estate surveyors and valuers are called upon based on the dictate of the Nigeria Law, their academic and professional trainings to advise various stakeholders who may have one thing or the other to do with arts and artifacts to help them in determining the value for such a use or uses. Despite this enabling criteria, Estate Valuers are confronted with challenges in identifying, separating and analyzing the factors that determine the values of arts and artifacts. This study examines the various factors that determine the value of arts and artifacts. A structured questionnaire was designed and administered on 17 Estate Surveying and Valuation firms in Abeokuta, Ogun state. The data gathered were analyzed using Mean Weighted Score (MWS) and frequency distribution. Common factors considered in the process of arts collection include the buyer's perception, condition and quality of the artwork among other factors. Findings revealed that most art buyers collect artifacts at certain huge amount primarily because of their own definition of the arts, outstanding aesthetics and thereby developing personal opinion of art value while the role of a professional property valuer is displaced from the process. This study therefore concluded that there should be a defined process of valuing artworks by property valuers which will include a guideline defining the factors to be considered in art and artifact valuation, thereby encouraging uniformity of value estimation of such personal property as it is for land and building valuations.*

**Key words:** Artifacts, Arts, Valuation, Value.

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## 1. INTRODUCTION

The fact that arts and artworks have both the economic and cultural values makes their studies very crucial not just for the understanding of the economic practices but for virtually all human endeavours. The question of the value of art and artifacts may be argued if a tiny piece of artistic creation such as paintings, sculpture etc., sells for a large sum of money. This could be because people have different perceptions about art and artifacts. Objects in the early age such as trees, stones, swords were regarded just like man and thus were held in high esteem. Some people even thought of keeping inherited artifacts from their ancestors in a museum or gallery for tourist attraction and thereby generating income or for prestige (Torre, 2002). While some perceived art as an object of pleasure, some people see it as a memorial; others take it to be a means of investment just like lands and buildings or simply real property. The determination of the value of a work of art cannot be determined haphazardly, it is based on a number of factors which are evaluated against each other. The consideration is beyond just aesthetics or attaching names, thus balancing out these factors would assist a valuer when valuing an artwork (Katherine, 2015). The responsibility of determining the value of chattels can be particularly burdensome and can even complicate issues particularly when it has to do with its use as basis for tax return (James, 2011; Akinjare, Durodola, Oloyede, Akinjare and Oluwatobi, 2017). He opined further that there were increasing number of valuations being challenged every year and therefore suggested that executors should consider commissioning professional valuer to supply detailed valuation in accordance with the prevailing laws. One of such laws in Nigeria is Decree (now Act) No. 24 of 1975 which empowers estate surveyors and valuers to determine the value of assets in interest subsisting in the assets thought Nigeria (Ibisola, Folarin and Atilola, 2018; Oni, Oloyede, Durodola, Ayedun and Akinjare, 2018). Some of these factors include size, quality, condition, rarity among others. In order to achieve dispersion among value assessments, different weights are assigned to the factors that were considered in the course of valuation. For instance, a seller highlights the antique value of an item, but the buyer who in this situation may be a dealer in artwork or a knowledgeable collector, underlines its poor physical state. On the other hand, the situation would have been different if the buyer was not knowledgeable about artworks. In this scenario, the buyer would only have an unprecise impression of what the value of the item is, and a seller, can use numerous reasons for ascribing a higher value to it (Bogdanova, 2011). Problems affecting the value of art and artifacts could stem from various factors such as the nature of heritage values which could be cultural, economic, political, aesthetic and other factors which may even compete or overlap. Value changes overtime and is strongly shaped by circumstantial situations such as social factors, economic opportunities and also cultural factors, the fact that these values sometimes conflict and the wide variety of methodologies or tools for assessing values (as used by a wide variety of disciplines and professionals) (Torre, 2002). By calling a manmade object a work of art; it connotes attaching a special status as well as unique aesthetic and commercial value to it (Hung, 2013). Henry, Otto and Wood (2013), argued that artifacts are exposed to multifaceted processes of value addition and transformation due to the fact that these artifacts are usually entangled in the property claims of the collectors, their producers (or their descendants), the granting bodies, and the public institutions. It is in the

light of this, that this study seeks to examine the purposes for arts and artifacts valuation, the kinds of value embedded in arts and factors that contribute to the value of art and artifacts in Abeokuta, Ogun State, Nigeria.

## 2. FACTORS THAT DETERMINES THE VALUE OF ARTS AND ARTIFACTS

Value cannot be defined by a singular feature, though there might be occasions when one feature has more weight attached to it than others. The purpose of the valuation of an artifact (be it fair market value, retail replacement value or an auction estimate) alone cannot determine the exact value that it would have but would involve the consideration of a wide variety of factors. Bogdanova (2011), reported the sequences of some qualities as they are important for valuation. Some of these are: authenticity, good artists, art expert, market actors, name of the artists, types of material, complexity of craftsmanship, newness of an object, its exclusiveness and distinctiveness. The factors also include the brand, country, authorship, what it is made of, quality of craftsmanship and mark. Others are time, technology and provenance mark of the artist.

**Condition:** The physical features and conditions of an artwork are very important to the market value of the artwork; the condition of an artwork can bear on its value (Prendergast, 2013). Usually, objects in good and firm condition are more valuable. Works of art that have been ruined beyond normal wear and tear, or have been improperly restored do not retain their value in the market place (USPAP, 2012). The more improved the state of the artwork, the more the value it would command but this also has to be considered along with other factors. For instance, the condition of an artwork may be bad but may command a higher value if the artist is popular (Meartomads, 2017). Just like buildings and other structures in brick and mortar, regular maintenance of art and artifacts is very important. To maintain the good condition of an art work, the service of a good and skilled restorer is needed.

**Authorship:** The reputation of the artist/maker has a great impact on the value of the work; if a work cannot not be attributable to a well-known artist or maker, there is the possibility that its value will be weakened in the market place. If an art work was made by a renowned artisan or craftsman, or was designed by a highly desirable maker's name, it will have more value in the market. Works that are signed, also have higher values. (USPAP, 2012). This why Newman, Bartels and Smith (2014) described art works as “physical extension of the creator”. A valuer may need to seek for expert assistance in identifying the maker, manufacturer, author or artist of an art work or artifacts.

**Age:** The question of age is simply whether the work is modern or ancient; artifacts whose age is unquestioned will continue to have historical value added (Patten, 2012). Another criteria relating to age of art works is to know whether an object is from a certain period of reproduction. There could be two pots of same size and design where one has been in use since ages long and the other one is just brought to the market for sale.

**Rarity:** An extremely rare object may have a high value despite the various conditions or issues it might have. This bring to the fore; the interaction of demand and supply. Since the market is determined by the forces of supply and demand, the rarer the object, the more valuable it may be in a competitive market. (USPAP 2012). Recent example is that of Sunday Adeniyi Adeye A.K.A King Sunny Ade (The Nigerian Juju Legend) whose an old guitar was sold for #50million at an auction in Lagos State. Prendergast (2013) opined that the rarity of an artifact can increase the value of the artifact, but can also reduce the value in some rare cases. He explained further that that the value of an object may be difficult to determine or minimized if there are no traceable history of related sales.

**Provenance:** This is a very important factor to consider and also poses as one of the hardest factors to attach a figure to. Provenance refers to the history behind an item. (Coles, 2007). According to Prendergast (2013), the number of the people and numerous places that an artifact has come across, would determine the provenance of the artifact. This is an aspect of art valuation that help determine the authenticity of an artwork. Accordingly, provenance is not just attached to the person who owned the object, it also includes where the object has lived, the places it was displayed and those who handled the sale or auction in the past. This is to say that the association of an object with a popular or prominent dealer can significantly increase its open market value. Newman and Bloom (2011) posited that provenance is rooted in the law of contagion. This is based on the belief that objects can take on a special quality or essence through physical contacts. For instance, it may be possible for people to be unwilling to purchase a piece of clothing only because it was just tried by a stranger (Argo, Dahl and Morales, 2006). It is also possible that another piece of clothing would be purchase just because it was recently worn by a celebrity (Argo, Dahl and Morales, 2008). This explains reasons why jerseys worn by world football players are sought for in the market.

**Quality:** The inherent value of an artwork would determine if it will retain its value over a long period of time. High-quality works have a tendency to grow and retain value easily. Quality is highly subjective due to the fact that it can be maximised or minimised according to the changes in the taste and appreciation of a generation (Prendergast, 2013). This is an extension of the pricing of an experienced artist since it is ordinarily expected that products of an experienced and expert artist would be of good quality and vice versa. This is just an assumption. It is also reasonable to say that poorly presented art works by a famous artist will command lower value. This usually occur when; even renowned artist had some bad days. The products at this period are not recognised to be of the highest quality and this ultimately affect their value negatively.

**Size:** The size of an artwork can affect its attractiveness and demand; some large-scale paintings or artworks may have less value than some other smaller artworks by the same artists (USPAP, 2012). The sizes of art works do vary from period to period. A valuer is expected to be aware of information relating to the period, country or region and the type of casting in which an art work is made of.

**Fashion or Market Trends:** The change in taste and fashion of art collectors and buyers also has great effects on the valuation of art and artifacts. The tastes of collectors change from generation to generation. A valuer should therefore have a better understanding of the tastes and pattern of arts collection so as be able to predict value of art objects accurately. Prendergast (2013) opined that valuers and even collectors should be aware not to be carried away by the trends and escalating prices in certain markets as it is well known that art markets has direct relationship with the general economic trends. The valuer should be aware of market with high reward/risks and adjust the available information at his or her disposal accordingly.

**Authenticity:** This is described as inherent characteristics of an art work that can make it appreciate in value. According to Bogdanova (2011), objectivity in this case relates to some substantial qualities that can be determined with a relatively high level of precision and knowledgeable facts about the origins of arts and artifacts. According to Lowenthal (1992) and Attfield (2000), authenticity of art works is tested through the concept of originality. They opined that authenticity is attached to one or three differing goals which include faithfulness to original objects and materials, to original contexts, or to original aims. Bogdanova (2011) posited that originality of art objects is threatened through copying, reproductions, restoration, and fakes; this ultimately calls for the knowledge and ability of the valuer to conduct several scientific, aesthetic and intellectual tests so as to be able to differentiate between the authentic

and the fake item. Originality of art works is also a subject of scarcity. According to Newman and Bloom (2011), novel artworks are exceptional and therefore are scarce commodities. This simply means that scarcity is very important to the value of an artwork. Caidini (1985) gave a narration about copies of print. He posited that “*the more copies of a print there are, the less they are worth*”.

### 3. DATA AND METHODOLOGY

Data was gathered by survey research design whereby relevant questions were asked with the use of questionnaires to collect information on factors contributing to the value of arts and artifacts in Abeokuta, Ogun State. Also textbooks, journals and internet publications that are relevant to the study were consulted. The target populations were Art buyers and the valuation opinions of estate surveyors and valuers in Abeokuta, Ogun State was required to enrich the study. From survey research, there are about fourteen (14) active art galleries and seventeen (17) registered Estate surveying and valuation firms in Abeokuta, Ogun State and these form the sample size of the study. The data collected were duly analyzed using Relative Importance Index (RII).

### 4. RESULTS AND DISCUSSIONS

**Table 1** Response Rate

Sample Population	questionnaire distributed	Percentage (%)	questionnaire retrieved	Percentage (%)
Estate Surveying and Valuation firms	17	100%	16	94.12%

Source: Field Survey, (2017)

Table 1 above shows the response rate of respondents. A total of 17 questionnaires were designed and distributed to the sample size of the study which include 17 estate surveying and valuation firms in the state. However, sixteen (16) questionnaires were retrieved and considered good for analysis which is 94.12% of the sample size.

**Table 2** Socio-Economic Characteristics of Respondents

Age of respondents	Frequency	Percentage (%)
Below 30 years	1	6.25
31 – 40 years	6	37.5
Above 40 years	9	56.25
Total	16	100
Educational Qualification	Frequency	Percentage (%)
HND	5	31.25
B.sc	4	25.0
MBA/M.sc	7	43.75
Total	16	100
Professional Qualification	Frequency	Percentage (%)
Probationer NIESV	2	12.5
ANIVS	12	75.0
FNIVS	2	12.5
Total	16	100
Years of experience	Frequency	Percentage (%)
5 – 10 years	9	56.25
Above 10 years	7	43.75
Total	16	100

Source: Field Survey, (2017)

Table 2 above illustrates that 1 (25%) of the respondents were below the age of 30 years, 6 (37.5%) are in the range of 31-40 years of age and 9 (56.25%) are above 40 years. This indicates that a good number of Estate surveyors and valuers in the state are adults in the age bracket of 31-40 years and their responses or judgments can be well relied upon.

5 of the respondents (31.25%) are HND holders, 4 (25.0%) of the respondents are B.Sc. holders and 7 (43.75%) are MBA/M.sc holders. Most of the Estate surveyor and valuers in the study area are MBA/M.sc holders, which implies that respondents are well educated, hence information collected from them are credible.

Out of all the respondents, 2 (12.5%) are probationers of Nigerian Institution of Estate Surveyors and Valuers while 12(75.0%) are Associates of Nigerian Institution of Estate Surveyors and Valuers - ANIVS, while 2(12.5%) of the respondents are fellows of the Nigerian Institution of Estate Surveyors and Valuers – FNIVS. Majority of the respondents are Associates of Nigerian Institution of Estate Surveyors and Valuers; the implication of this is that most respondents are professionally qualified; not charlatans and so, their responses are from professional point of views which is needful for this study. The table further shows that 9(56.25%) of the respondents have between 5-10 years of experience and 7(43.75%) of same have above 10 years of experience. It can be deduced that most of the Estate surveyors and valuers have a long time experience which is enough to gain vast knowledge of the profession and its activities. This is in correspondence with the expectations of the society that experience is the best teacher; hence, data collected can be relied upon.

**Table 3** Factors Influencing Value of Art and Artifacts

Factors	SA=5	A=4	U=3	D=2	SD=1	TWF	MWS	MD	x-x
Uniqueness	40	28	0	2	0	70	4.375	+0.475	0.2256
Age	40	24	6	0	0	70	4.375	+0.475	0.2256
The Buyers Perception	25	40	3	0	0	68	4.250	+0.35	0.1225
Quality	25	44	0	0	0	69	4.313	+0.413	0.1706
Condition	35	28	0	4	0	67	4.187	+0.287	0.0824
Authorship	30	28	6	2	0	66	4.125	+0.225	0.0506
Fashion/market trend	10	28	3	12	0	53	3.313	-0.587	0.3446
Provenance	20	32	6	4	0	62	3.875	-0.025	0.0006
Size	15	44	0	4	0	63	3.938	+0.038	0.0014
Colour	10	16	15	10	0	51	3.188	-0.712	0.5069

Source: Field Survey, (2017)

$$Mean = 39/10=3.9$$

$$Sum\ of\ x-x = 1.7308/16$$

$$Variance\ is\ 0.1082$$

Table 3 demonstrates the factors influencing the value of art and artifacts in order of importance. Uniqueness and age ranked first with score value of (0.850), purchaser and Quality of the artifact each ranked third (0.833), condition, authorship and rarity each ranked fifth (0.816), provenance ranked eighth (0.717) while fashion/market trend, size and color ranked ninth (0.70), tenth (0.650) and eleventh (0.60) respectively. The implication of this is that of all the factors illustrated in the table, uniqueness and age of artifacts are major considerations in art and artifact valuation.

## 5. SUMMARY

Analyses revealed that Estate Valuers are not so much involved in the valuation of arts and artifacts because they occasionally receive instructions on non landed property valuations. This is unlike the art buyers who go through the process of art valuation themselves. It was

deduced that objects such as arts and artifacts may not depreciate in value due to their historical significance or age but rather they increase in value, however, they have tendencies of depreciation especially when deterioration appears on the artwork which may contradict the originality of the art or artifact. Like land, it is strongly disagreed that arts and artifacts depreciate in value but then, different factors influence its value among which include the purchaser, quality and condition of the artifacts. However, these factors are not uniform across different disciplines due to different knowledge and approach which results to varying values at the end of the day. Other vital questions asked by art collectors are:

- What medium/quality is the artwork?
- Is the artwork an original?
- Who is the artist?
- What condition is the artwork in?

## 6. CONCLUSIONS

There should be a guideline on how to value arts and artifacts; especially on factors that are to be considered as major when either a buyer or valuer is to determine the worth of an artwork in order to ensure value accuracy. Arts and artifacts are objects with outstanding aesthetics and as such accrue value from time to time. Developing a credible value for them through a standardized procedure is required for a better and enhanced valuation profession. This newly exposed aspect of valuation requires quality attention by professionals in valuation which are the Estate valuers; if they can get involved in art valuation the same way they are involved in valuation of lands and buildings, it will eradicate the determination of artifacts value based on personally considered factors and there will be a defined way of valuing non-landed properties such as artworks. Also, if the recommendations given above are duly considered, it will go a long way in helping to develop a credible and uniform value of arts and artifacts.

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