FACTORS AFFECTING CONTEMPORARY ART VALUATION IN KENYA: A
CASE STUDY OF NATIONAL MUSEUM OF KENYA

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DECLARATION

Declaration by the Student

This project is my original work and has not been presented to any other examination body. No part of this work should be reproduced without my consent or that of the Management University of Africa.

Name __________________ Sign_________________________ Date _________________

Declaration by the Supervisor

This project has been submitted for examination with my approval as The Management University of Africa Supervisor.

Name_______________ Sign_________________________ Date _________________
DEDICATION

To my family for their patience during the long hours I have been engaged in writing this project; to my parents for their caring love, support and encouragement throughout the course of this study
ACKNOWLEDGEMENT

I am indebted to my supervisor Dr. Leonard Wambua for his professional guidance during the various stages of this project; to the management of the selected National Museum of Kenya for allowing me to focus the study on their organizations; and finally to the Management University of Africa fraternity for granting me the opportunity to pursue my degree course; to all my colleagues at work and class for being there every step of the journey and finally: to the Almighty God for giving me the strength and courage to overcome both life and academic challenges
ABSTRACT

Contemporary art fetch low prices in public auction and public art galleries in Kenya due to ineffective valuation process. As a result, experienced art collectors continue to fraudulently dispose clueless art dealers their priced art possessions. The artists, while aware of this predicament lack the necessary valuation skills. It is against this concern that the study focused in establishing factors affecting the valuation of contemporary art in public galleries with special reference to the National Museums of Kenya. The study assessed the effect of liquidity, entry barrier, transparency, market demand and fraud on the valuation of contemporary art in public galleries. The study adopted a descriptive design because it enabled an in-depth analysis of the study phenomenon besides describing the current conditions, terms and relationships concerning a problem. The target population was 68 and due to the nature and size of the population a census method was preferred. Questionnaires were used to collect data and a statistical tool was used to analyze data that was presented in tables and charts. The findings were that: majority comprising 68% of the total respondents indicated that liquidity affected contemporary art valuation, 64% of the total respondents indicated that entry barrier affected the valuation of contemporary art in public galleries, 76% of the total respondents indicated that transparency affected contemporary art valuation, 76% of the total respondents indicated that market demand affected contemporary art valuation and 72% of the total respondents indicated that fraud affected contemporary valuation. The recommendations were that: Museum curators should assess the liquidity ratio of contemporary art work in the public gallery before determining its true value, they should eliminate the entry barriers by delinking personalities from value assessment process, Museum curators should indulge in open and transparent valuation process that engages the services of professionals, Special consideration should be taken to avoid the market pitfalls associated with high demand that distort the true value contemporary art and Museum curators should put in place systems that discourage fraudulent behavior that affect contemporary art valuation.
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# OPERATIONAL DEFINITION OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Liquidity</td>
<td>in the art market means having artworks in very high demand and being able to sell those works without impediment</td>
</tr>
<tr>
<td>Entry Barrier</td>
<td>Circumstances that prevent or greatly impede a potential competitor's ability to compete in the market, the existence of famous artists prevents new competitors from easily selling their art work</td>
</tr>
<tr>
<td>Transparency</td>
<td>The extent to which dealers have ready access to any required information about price levels, and market depth transparency is one of the silent prerequisites of any free and efficient market.</td>
</tr>
<tr>
<td>Market Demand</td>
<td>refers to total demand of all artwork that comes to the market for the first time at a gallery or any other art exhibition or the sums of the quantities demanded by each consumer at every price are used to determine the level of demand experienced by the entire market at each price.</td>
</tr>
<tr>
<td>Fraud</td>
<td>is the creating and selling of works of art which are falsely credited to other usually more famous, artists. Fraud consists of some deceitful practice or willful device, resorted to with intent to deprive another of his ownership rights</td>
</tr>
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CHAPTER ONE
INTRODUCTION OF THE STUDY

1.1. Introduction
This chapter presents the introduction to the study, which includes the background, problem statement, objectives and research questions, as well as limitation and the scope that guided the study as it attempted to investigate factors affecting contemporary art valuation in Kenya.

1.2 Background of the Study
Contemporary art refers current art that offers a fresh perspective or point of view, and includes use of new techniques, on the other hand, valuation refers to the ability to determine the actual worth of an item in the market and with a potential to provide certain benefits over a given period. An art gallery is a set-up that is operated and maintained, in most instances by a public or private institution for purposes of exhibition of art works (Ackerman, 2005).

In France art costs money and acquiring a large stock of the most sought-after art is incredibly expensive. From this perspective, galleries in Paris are in competition for fine art and the artists in such an emerging economy are finding it hard to resist the benefits of the prevailing environment as opposed to the age old disposition in which art was celebrated for its own sake (Alder, 2006). The art world, Alders (2006) argues, is ignoring the value of art, contemporary art that does not concern itself with commodities to such an extreme levels of commercialization; however, there are lingering opinion that
the art world can still redeem itself from art dealers and the economic perspective that galleries have disposed themselves to in the current times.

Art museums in Australia have marshalled resources to ensure that some measure is taken when valuing artifacts from aboriginal enclaves. The curators of museums across Australia are keen to preserve their special collections especially those authenticated ones from famous artists. The objective of art valuation is to prevent fraudsters from overpricing what may not be original masterpieces. Art Curators are sometimes prompted to take active participation during valuation to enhance transparency so that future art collectors are not duped into purchasing worthless canvas. Today each gallery in Australia must display only art work that bear authentic valuation seal. Art collectors have a large stock of artifacts that may be of value to museums however, it is difficult to convince the owners to offer them for display. Expert dealers know how to pounce on priceless art when they find them in auction or galleries. They over bid to discourage potential buyers and then use their knowledge and skills to drive down the price (Worthington, 2006).

According to Mei (2005) contemporary art delivery in public galleries throughout China has declined tremendously over the last decade, against the back drop of increasing demand. The overriding concern of the various art collectors is that most Chinese are becoming more and more affluent and hence see art as appraising liquid cash. This preoccupation is well founded; every year many Chinese collectors invest millions of dollars in the acquisition of fine art despite ever decreasing supply. The government's
attempt to tackle the problem further deepens the crisis as it still fails to discourage speculation. The flow of expected benefits from art that was owned by famous Chinese dynasties can be difficult to appraise especially if they are rare. Although there are few in the market today, systematic studies have revealed that, many experts estimate that at any given moment a significant proportion of rare priceless Chinese art are displayed in museums in developed countries most of which are believed to have been donated by immigrants. In recent years, there has been an increasing focus on, and understanding of, the criteria used in art valuation as part of efforts to make price determination more successful and efficient. Chinese in Hong Kong are now increasingly leveraging their investment portfolio with art collections partly because they are scared of a financial crisis and currency devaluation.

Indian contemporary art presents freshness and the very early foundations of it is a result of spiritual exploration. In the early 1990’s Indian art reflected a bicultural or multicultural disposition, and the artists held different worldviews as reflected in their art. Long-term investment in art maybe undermined by factors that include lack of valuation mechanisms to discourage exploitation, the lack of technical skills to prevent fraud, and the absence of transparent dealership. As the level of counterfeit art increases, information that is more precise is needed about what factors contribute to, or undermine, art security. In addition, it is necessary to examine what kinds of institutional arrangements have been put into place by art curators in museums (Koon, 2009).
Schonfeld (2005) observed that in Argentina, the level of fascination and interest in forgeries indicate disregard for the essence of art, which is authenticity of the artwork and the investment the artists have put in to produce the genius associated with the art. Forgeries have emerged as a disruptive activity to the world of art. In Argentina, anthropological surveys of high-end art society show that opinion is shifting in favor of less focus on money, which is seen as less favourable to curatorial instincts, critical valuation, and young artists career. According to Baumol (2005), the Nigerian market has corrupted art, such that it is difficult to determine the type of art made, but also sold. Wealthy foreign art collectors have also corrupted artists in such a way as to entice and reward good art rather than superficial art. The Nigeria art galleries had become the entry point for many new collectors who see a striking emergence of contemporary art and traditional artifact. Given the prevailing atmosphere, it is difficult to distinguish between original artwork and a counterfeit. In Nigeria, forgeries have become rampant, unsettling to the extent that it undermines dealership in art, and most of the dealers worry that they may end up being in possession of art whose value or authenticity cannot be ascertained Baumol (2005).

In Kenya, the National Museum of Kenya considers art valuation a risk averse process that requires special skills. There is increasing tendency to view art in terms of potential market value than the aesthetic and cultural value, and the approaches that are used to value art includes comparison of data emanating from auction houses, curators, private and corporate collectors, art dealer activities, galleries and experienced consultant, including specialized market analysts. Art valuation helps curators and collectors
ascertain the authenticity of the product, and provides the basis for which financial transactions involving art items proceeds. Art valuation in Kenya is similar whether the valuation involves high end or low-end market (GOK, 2009).

According to a report by UNESCO (2007), valuation estimates of artwork follows a set pattern that minimize uncertainty. The basic criteria used to prize art include a range of comparative estimates and in cases where there is little comparability due to lack of any historical values, the risk of attributing incorrect value becomes high. Valuation considerations include sellers’ reasons for selling and the buyers’ reasons for buying, which may vary extensively, and may also include the desire to drive the value of the artwork up or down depending on the outcome desired by the exchange agents involved. Collectors also have Subjective personal value towards certain works of art, and such subjective measures may influence the overall price attributed to the work of art differently than in the case of an art speculator (Cameron, 2005). There is multidimensionality to works of art, which form the basis of evaluation in general practice. Art, largely, is characterized by motional component in the evaluation process, and this uneven means of evaluation places the person assessing the value of art in a precarious position. The economic value of art is evident in the fact that they are sold and bought for profit in the market, although they also have symbolic values that are associated with social status and prestige, and this symbolic element in art is an important factor in overall operation of the art market.
1.2.1. Profile of the National Museums of Kenya

The National Museums of Kenya was established through an act of parliament, the 2006 Museums and Heritage Act. The role of the organization is to collect and to preserve as well as document and present Kenya’s past, and present cultural and natural heritage. The role played by the organization is designed to enhance knowledge of national heritage and its appreciation, and generating respect and sustainable use of these resources for the benefits of Kenya and other interested parties. The National Museum of Kenya has a number of branches spread across the country, including monuments of national and international value as well as collection of priceless artifacts.

The National Museums of Kenya contribute substantively to the development of the country in terms of tourism and educational tours. The institution dates back to the early 1910, when at that time it was known as the East Africa and Uganda Natural History Society. At that time the society was mainly populated by the colonial settlers and naturalists from Europe whose main concern was the preservation of their art collection and various specimens indigenous to the places under their control. By 1929 the colonial government decided to allocate land for the construction of the present Museum Hill, and the official open took place in the 22nd of September 1930, under the name of Coryndon Museum has an honor to Sir Robert Coryndon. The National Museum has currently known operates in a modern complex, and includes regional Centre’s, which have their own local identity and programming.
1.3 Statement of the Problem

The National Museums of Kenya is responsible for the storage, maintenance and display of art in public galleries. The demand for contemporary art in the public galleries is unmatched by the supply available from the artists. Poor quality overpriced and fake art sourced from local private collectors, penetrate the private and public galleries while authentic ones feature abroad in foreign galleries. Some art dealers have also managed to convince unsuspecting collectors in public galleries to bid for valueless art.

Museum staff pre-occupation with art collection and conservation activities is ill equipped to perform the task of valuation. In the face of the existing challenges, the museum curator blames valuation hitches on speculative demand, and dysfunctional art market. (UNESCO 201 l). although the authenticity of contemporary art is still a challenge, the National Museum of Kenya is committed to a process that can help the organization determine the authenticity and the correct value of contemporary art in its stock. The organization currently has limited capacity to evaluate contemporary art effectively (GOK, 2013).

The National Museums of Kenya faces a myriad of challenges, among which include Art valuation. And the extent of these challenges revolve around issues of how to estimate market demand, liquidity, work of artists, the condition of works of art and provenance as well as valuation trends such as average sales prices. The aforementioned challenges are of great concern and hence the need in this study was to find out factors affecting contemporary art valuation with a view to addressing the gap.
1.4 Objectives of the Study

1.4.1 General Objectives

The general objective of the study was to establish factors affecting contemporary art valuation in Kenya.

1.4.2 Specific Objectives

i. To examine the extent to which liquidity affect contemporary art valuation
ii. To determine the effect of entry barrier on contemporary art valuation
iii. To find out the extent to which transparency affect contemporary art valuation
iv. To determine the effect of market demand on contemporary art valuation
v. To examine the extent to which fraud affect contemporary art valuation

1.5 Research Questions

i. To what extent does liquidity affect contemporary art valuation?
ii. What is the effect of entry barrier on contemporary art valuation?
iii. To what extent does transparency affect contemporary art valuation?
iv. What is the effect of market demand on the valuation of contemporary art in public galleries?
v. To what extent does fraud affect contemporary art valuation?

1.6.2 Other Researchers

The study shed more light on the issues of valuation that enable due diligence, and would assist the curators to understand the gap that still exist in art valuation. The study would also add to the knowledge of art valuation and advance scholarly discourse.
1.7 Limitation of the Study

1.7.1 Confidentiality
Confidentiality is a very sensitive matter at the work place, and therefore was anticipated would impede and slow down the process of data collection; however, the researcher assured the respondents that the information would be used for academic purpose only.

1.7.2 Bureaucracy
The National Museum is quite a sensitive environment and therefore administering the questionnaires was thought would in some way be difficult. The researcher however worked closely with the management to schedule the collection of data at the most convenient time and place.

1.7.3 Fear of Victimization
The management has a tendency to be suspicious of researchers, it was anticipated that some of the respondents would be concerned about the extent of information the management would want them contribute without any repercussions, but this concern was addressed expeditiously through an interactive forum and hence allayed their fears for effective participation.

1.8 Scope of the Study
This study sought to analyze factors affecting contemporary art valuation in Kenya with special reference to National Museum of Kenya an organization that is situated in Musewn Hill area Nairobi. The aim of National Museum of Kenya is to conserve
indigenous and contemporary artwork for posterity. The study population was drawn from a category of staff that comprises the management, art specialists and gallery support staff. The study commenced in the Month of October 2016.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of literature pertinent to the study, and comprises the concept perspectives, current practices, theoretical and conceptual framework that would enable a clear understanding of the study phenomena.

2.2 Theoretical Review

2.2.1 Formalism Theory of Art

Art is a form of human practice, through which all-human societies exhibit and express their way of life (Carroll, 2002). There are evidence from archeological findings that man has, since prehistoric times created art, although there were no definite definitions attributed to it. In the present day, scholars seem to have adopted a broad view of art and the formalism theory of art, though attempts to define art within the scope of certain characteristic (Carroll, 2002).

According to bell, formalism is about the conception that all art result in elicitation of emotion from the viewer and that such an emotion is similar to all individuals as aesthetic emotion. That there are certain commonalities in the emotions of individuals, which reflects their perception about works of art, and that form is that common factor. Bell argues that forms derive from unknown laws and that all art, apart from having attributes of form, must indicate significant form. Thus under formalism theory, art does not merely
have form, but significant form. The value of art is therefore the attributes of its
significant forms, which include lines, shapes, curves, and colors (Bell, 2002).

Formalists (Caroll, 2002) argue that forms are the common denominator, which
differentiates what is art and what is not art. Formalism offers advantages incomparable
to representationalism or expressionism. Representationalism in this case refers to the
notion that for something to qualify as art there must be factors that are representative of
its content. An example of representationalism is the drawing of a tree, which in this case
resembles a tree and is therefore representative of a tree.

The argument advanced by Caroll (2002) goes further, and state that works of art also can
be represented in the form of metaphors. Wolf (2002) notes that the art is representative
of the real thing even though there may be little similarities apart from what the artist
imply it is. Carroll (2002) argues that formalism gives recognition to works of art solely
on the basis of their form, despite absence of representation. Contemporary artists are
producing noteworthy images with delicate and arresting visual forms, art that transmits
emotions to the audience. Art affects people in different ways, and emotions generated
also defer from one person to the next. Some people may not experience any emotions
upon seeing a particular art while others may become deeply affected emotionally by the
same artifact, as such every person, according to the expressionist theory, have different
perception of and definition of what is art.

Monuments according to Bell (2002) are designs intended to depict a person or even
events and are therefore not works of art, although they are considered, in the face value,
as works of art. Bell (2002) argues that monuments lack the characteristics of art under the formalist theory, such as significant form and therefore cannot qualify as works of art. Neo-formalism, however describe monuments as works of art, since neo-formalism considers art as that which is expressed, implied or conveyed in a particular form (Bell, 2002). This conception of works of art in term of neo-formalism means the difference between good works of art and bad works of art is blurred, and that in neo-formalism art is art even if there is no content. A case in point is tap dancing.

2.2.1 Liquidity

Liquidity in terms of art is the extent to which a work of art is valued and affected by the market forces, whether the work of art attracts a high price or not, and whether there is a high demand or low demand for it. Thus, liquidity indicates the presence of a high pool of potential buyers in the art market and illiquidity the contrary state of the market. The art market experience greater risks in comparison to the money markets. When art works do not reach their reserve prices and not sold their value may depreciate. Public galleries usually hold hundreds of art works, which need to be valued appropriately, and if that does not happen and the collection is sold without proper valuation, there may be negative effects on the market (Bauman, 2002). One of the most sentimental views regarding contemporary artwork is varying liquidity that would enhance the balance and diversification of asset portfolio.

Bauman (2002) argues that liquidity represents a property in the financial markets and actions taken by agents to either to divest or invest on a particular asset. Due to the high
degree of uncertainty in the art world, rational response can help investors avoid the consequences of unstable and less trustworthy markets.

2.2.2 Entry Barrier

Works by professional artists are normally valued at a higher rate than works of art produced by lesser-known artists. Barriers to market entry plays a significant part in the demand and supply in the art market, which may drive up or drive down prices. In the case where there is a small pool of art works, artistic diversity may be greatly impaired as well as the number of buyers (Stuart, 2007). Thus, museums and those that generally deal in art consider the kind of art in vogue as one of the parameters for making decisions concern the kind of art that is to be displayed in the art gallery. Celebrity of an artist plays a significant role in the determination of quality and salability of an artwork, and for unknown artist the value of their work in most instances are set to a lower standard than for that of established professional artists.

Artwork by professional artists or well-known artists give the owners market power in terms of barriers to entry, and impede the ability of unknown artist with comparable works of art from market entry. Thus, the supply of precious art becomes a monopoly granting one group opportunities to exhibit and cost advantage over would be competitors (Bradley, 2007). The mode in which art is represented can also become a barrier, especially if the language is not international in nature. Language that is used by some artists as well as writers may make little sense to others and difficult to understand from the perspective of the wider audience, and furthermore some artists tend to resist
interpretation of their work in widely used languages (2007). Hence, the work of art may end up as a barrier in itself.

Stuart (2007) argues that barriers may also be found in experience, attitude and knowledge of the potential investor and the wider public. Most people are not familiar with the works of art are therefore not in a position to judge works of art, which can also affect the value placed on an item of art. One of the reasons advanced for this lack of knowledge is class distinction, in which works of art are considered as items associated with the wealthier segments of society. Majority of the people therefore do not see the value in art or its relevance in their life, except, as observed by researchers, children at a younger age (Stuart, 2007).

2.2.3 Transparency

Gerzog (2013) argues that the valuation and pricing of the artwork suffers from Byzantine methods of valuation, which raises questions of ethical behavior, structural inadequacies in the market such as lack of transparency. The perception that the art market is opaque and fraught with unethical practices can greatly affect the market liquidity. Bidding for artwork in galleries as a practice is perceived as ethically questionable, due mostly to conflict of interest that may arise when auction galleries have an association with the sellers. In such a situation, the danger is in the possibility of the auction houses colluding with the seller to boost prices, whereby bidders with no intention to buy push up the bid price beyond the reserve price indicated by the seller (Gerzog, 2013).
Campbell (2012) argue that most of the auction houses have conflict of interest whereby they keep secret reserve prices. The notion that bidding by unidentified third-party guaranteed bids is quite preposterous. In some cases, illegal cartels take advantage of ambiguous situations to manipulate the market, and they may even end up affecting the final valuation and selling price of the artifacts. According to Thompson (2006) price transparency means, knowing what price will be charged by the seller. Price transparency has different implications for differential pricing. Art market does not have a centralized exchange system, rather, in most developed markets such as the United States, Japan, and Western Europe, art trade is decentralized, dealer-based and auction based. Transparency is an important aspect of price determination, and transparent decision-making is critical for the art dealers for investments. Dealership in contemporary art require openness and good information so museum curators, external reviewers and the general public can verify the value of art. Museums have access to a vast amount of important artwork whose actual value is still unknown.

Lack of transparency in the art market contribute to the differences evidenced in art valuation, including inefficiencies that manifest in market participants experience of losses, which may also affect development of art work. Thompson (2006) argues that art dealers can manipulate the price and if faced with price fluctuation can immediately resell the art to another investor for a higher price. Price determination through transparent and open valuation can provide specific information that museums and individual need to have to be able to make good buying decisions. Transparency can
involve consultation in the art consortium to deliberate on valuation principles. Art collectors should be given access to important information about the valuation criteria and priorities of individuals, communities and private businesses involved in art auctions. Museums that involve the specialist art dealers will be in a better position to make good decision on pricing

2.2.4 Market Demand

According to Jeffri (2009) the art market is similar to any other market where by the forces of supply and demand are at play. In such a market, art is bought and sold based on value attributes perceived by the buyer, and some of the considerations include cultural value, monetary value and perceived future value of the artwork. Marshall (2006) argues that unlike the volumes of artwork in the public gallery where buying and selling takes place, art market generally is confined to a limited group of private collectors and dealers as the key market players. Due to the restrictive nature of the art market, there is a higher risk involved in which some artwork may end up being overvalued or undervalued.

In Europe and North America, the cycle of art market peaks in the spring and autumn in a time when the major auction galleries undertake auction activities, although there are private art sales that take place all season and are not brought to the attention of the public domain (George, 2010). The art auction prices normally fluctuate from season to season and there instances when the art market is affected by volatility in the financial markets, as occurred in the 2008 to 2009 period of recession in the US, but this is
generally not the norm, and the art market may at times remain unaffected by financial markets volatility. In the 80’s when economic boom was being felt in the US, the art market growth soared to unprecedented levels (Blaug, 2001).

The art market ordinarily operates as primary art market in which first time art exhibits are the main items, and the secondary market in which art that has exchanged hands more than once are bought and sold. Once an item of art has been sold or bought in the primary market, there is correlation between the price in the primary market and the subsequent price in the secondary market (Goetzmann, 2003). According to Arthur (2005), the art market operates as an economic system in which elements of supply and demand are at play, although with little understanding as to the future monetary value of the product. Artists ordinarily do not make art with the sole objective of monetary value while on the other hand buyers also have little understanding as to the true value of the work of art. The key players who determine or make critical decisions on issues surrounding the worth of an item of art is the galleries, curators and dealers, collectors and consultants (Arthur, 2005).

2.2.5 Fraud

In North America, fraud schemes involving art dealers result in inflated and unrealistic prices, and public galleries have fallen prey to fraudsters in which fake Asian and Native American artifacts are sold. Although the value of art is determined by museums and not the collectors and dealers, occasionally the museum officials encourage donations from collectors and dealers, which create an environment for corruption. In light of possible widespread fraud, there is a need for fundamental reforms in the art sector. Spencer
(2004) contend that donated charitable art that have no direct benefit to the poor ought to be valued at a lower price.

The level of fraud in the art world if not checked could result in implosion of the art market. There is however increasing attempts to divorce the power of the artists name from the experience of the art and a move towards social investment in genius, provenance and authenticity of the work of art (Spencer, 2004). Fraud is generally disruptive to the art economy, distorts curatorial instincts, affects critical appraisal of art, and may even jeopardize the carrier of an artist. Such an environment could also put off art dealers.

Public galleries may as a necessity provide mechanism through which fraud can be detected and appropriate punishment meted to shore up confidence in the art economy. It is acknowledged that visual art has the capacity to reduce the vice of fraud in the art economy. The galleries and museums sector foster multi agency inclusion to deal with the issues of fraud in a way that can reduce the risk of fraud (2005). Merli (2002) argue that galleries are not taking appropriate steps to address the problem of fraud. Belfiore (2002) notes the important role played by the environment in issues of fraud.

2.3 Review of Critical Literature

Bell (2001) contend that a single property should be established for all the art works to avoid the confusion that presently bedevil the art economy. Theories that have been developed run the risk of being rendered superfluous when the art environment is fraught
with fraud. Bell (2001) argues about the merits and demerits of relating art content to the concerns of the ordinary world. In addition, states that the value of art is in its ability to allow individuals to move from that which is mundane reality to a higher plane, and that the role of the art critic is to elevate others to a level where they can experience the aesthetic emotion. Such a state can obtain by identifying the process art works go through to exhibit significant form (Bell, 2001).

Bauman (2002) argues that in a world of uncertainty, where market liquidity lacks transparency and trust, there is little scope for rational choice. Rational choice imply the pursuit of gratification while at the same time avoiding the responsibilities associated with the pursuit of the same gratification. Stuart (2007) indicate that works by prominent artists is ordinarily more valued compared to that of unknown artists due to brand recognition factors as well as demand and supply market forces that are at play. It is perceived that works by known artists create entry barriers for new entrants. Jeffrey (2009) noted that art is bought and sold based on cultural value, past monetary value and predicted future value, and attempts to explain market operations and valuation of contemporary art.

Thompson (2006) stated that for a market to be considered as transparent there is a need to have knowledge about the market available equally to all the market players about the products, services and capital assets. Thompson (2006) further contend that price transparency means knowing what price will be charged by the seller, and that price transparency has different implications for differential pricing. Spencer (2004) argues
that the value of art that is donated ought to be devalued by half if it does not directly benefit the poor. Spencer, although explicit in his argument did not focus on issues of valuation that affect contemporary art.

2.4. Summary

The literature review demonstrates that a specific analysis of the variables for an accurate and fair presentation of the study phenomenon is possible and necessary at all levels. Many gaps were found in the review and the level of detail of the theories in the literature. It was noted by the arguments and facts put forward by several authors that while the review enabled clear understanding of the study variable and theories, not much is captured in relation to the study phenomena. Several theories that underpin the study were clearly explored with a view to enhance knowledge about the valuation of contemporary art in public galleries. The review process was however quite challenging since very little work had been done in this area to generate the relevant literature. Some of the works reviewed though scanty did elaborate much about the study phenomena and therefore the hastened need to address the gaps.

2.5 Conceptual Framework

Potentially, one of the most powerful aspects of the framework is that it provides a succinct way of explaining the influence of independent variables on the dependent variable. The framework sets out the components for an effective valuation outcome. Effective valuation typically focuses on four areas of activity. These areas can be seen on figure 2.1 which include liquidity, entry barrier, transparency, market demand and fraud.
The framework gives a clear course of action and helps us to understand clearly how they influence the valuation of contemporary art in public galleries

### 2.5.1 Liquidity

Liquidity is defined as the property of art market where by agents divest and invest on art assets.

### 2.5.2 Entry Barrier

Entry barriers refers to impedance of potential competitors from joining the market because of certain prevailing conditions of the market.
2.5.3 Transparency

The extent to which dealers have ready access to any required information about price levels and market depth. Transparency is one of the silent prerequisites of any free and efficient market. Transparency on the one hand promotes accountability and provides information for effective valuation. On the other hand, it helps to build trust among art collectors, and, simultaneously ensure that close link is maintained between the art dealers and gallery owners.

2.5.4 Market Demand

Refers to total demand of all artwork that enter the market for the first time and it can also refer to the level of demand experienced by the art market as a whole at each price. The environment of market demand is such that art exchanges hands based cultural value of the work monetary value and the predicted future value of the art.

2.5.5 Fraud

Art fraud refers to collusion among art traders with the intention to deprive another of ownership rights.
CHAPTER THREE
RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter discusses the research method that will be used in the study. The chapter includes the study design, the target population and sample size. The chapter also addresses the instruments that were used to collect data as well as validity and reliability tests on the instruments.

3.2 Research Design

The study included both quantitative and qualitative methods. Cooper and Schindler (2001) define quantitative research as a formal and systematic process of describing and testing relationships, cause and effect interaction among variables. The research was descriptive, which provides an accurate reflection of the characteristics, behavior and opinions as well as abilities and beliefs and knowledge of a particular individual situation of a group. It enabled an in-depth analysis of the study phenomenon.

3.3 Target Population

Kothari (2004) refers to a population as all elements, individuals, objects and events that satisfy the sample criteria for inclusion in a research. The study population comprised all the National Museum of Kenya Staff in Nairobi.
Table 3.1 Target Population

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Target Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Art Specialists</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>Gallery Support Staff</td>
<td>48</td>
<td>68</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>68</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Author (2016)

3.4 Sampling Method

A census inquiry is used where the entire subjects is considered in the study. A census refers to the complete enumeration of all items in the population (Mugenda and Mugenda, 2003), and is useful in terms of enabling the highest possible accuracy. The consensus was appropriate for this study because the population was small and therefore sampling was not required.

Table 3.2 Sample Size

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Target Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Art Specialists</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>Gallery Support Staff</td>
<td>48</td>
<td>68</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>68</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Author (2016)
3.5 Data Collection Instrument

The study used questionnaires to collect data. Questionnaires were distributed to the respondents to enable data collection. Generally, questionnaires require less time and energy, and also has less bias if administered in a consistent manner (Kothari, 2005). Open-ended questions were included to enable the subjects to express their own understanding on the issues of concern.

3.5.1 Pilot Test

A pilot test is a trial administered to identify flaws, and through the questionnaires, data gathering instruments, it was necessary to determine if the questions proposed are reflective of the objectives of the study and whether the respondents understand them as intended (Mugenda and Mugenda, 2003). The researcher pretested the questionnaire on five respondents meeting the set criteria of a similar organization. All of them were required to answer the questions and where necessary questions were changed for clarity.

3.5.2 Validity

Mugenda and Mugenda (2003) view validity as the extent results derived from an analysis of data represent the phenomenon that is being studied. Validity was ascertained by discussing with the supervisors before conducting the study, and comments incorporated to ensure that the tools achieve research objectives. In addition, the validity of the study instruments was ensured through piloting conducted prior to the study. Participants in pre-test were not included in the actual data collection exercise.
3.5.2 Reliability

Reliability is a measure of how results from a test are consistent. If a test is administered to a subject twice it should yield the same score if administered again (Kombo and Tromp, 2006). In addition, no research assistant was involved and this to some extent helped to promote reliability of the data collected.

3.6 Data Analysis Method

The collected data was analyzed in a way that it enabled effective dissemination, and included a summary of data analysis, which involved both qualitative and quantitative data. Data analysis included the means and standard deviations derived. Data was interpreted to ascertain concurrence with the all objectives of the study. The SPSS 21 was the software package used to analyze the data. Results included tables and charts for data presentation.
4.1 Introduction

This chapter presents the findings in line with the objectives of the study. Data obtained is presented in tabular form, pie charts and bar graphs. The chapter is further sub divided into several sections that are pertinent to the subjects under study.

4.2 Presentation of Findings

The researcher hand delivered 68 questionnaires to the staff members of National Museum of Kenya. These questionnaires were self-administered and therefore did not require the presence of the researcher. The questionnaires were collected five days later, coded and analyzed.

4.2.1 Response Rate

The determination of the response rate was important because it enabled the researcher to know which questionnaires were defective and hence not eligible for analysis. The analysis of the response rate was as follows:

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>50</td>
<td>74</td>
</tr>
<tr>
<td>Non-Response</td>
<td>18</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author (2017)
Table 4.1 and figure 4.1 show how the sampled respondents participated in the study. The respondents who successfully filled and completed the questionnaires to the required expectation of the research were 50, which comprised a majority of 74% while 18 respondents comprising 26% did not participate effectively. Therefore, on the basis of the findings, it can be concluded that the response rate was high, hence enabled achievement of the research objectives.

4.2.2 Gender

The issue of gender was important in the study as it would indicate whether there was gender balance in the response given. The findings were as follows.
Table 4.2 Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>37</td>
<td>74</td>
</tr>
<tr>
<td>Female</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author (2017)

Figure 4.2 Gender

Source: Author (2017)

As indicated in figure 4.2 and table 4.2, the total number of male respondents and female respondents who participated in the study were respect 74% and 16%. From the findings it can be concluded that there were more males than females, which indicate bias towards female employees.
4.2.3 Age of the respondents

The determination of age of the respondents was important in that it would show whether their actions were influenced by age. The analysis of the age of respondents is provided in the following section.

Table 4.3 Age of the Respondents

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>26-35</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>36-45</td>
<td>27</td>
<td>54</td>
</tr>
<tr>
<td>46-55</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Above 55</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Total</td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Author (2017)

Figure 4.3 Age of the Respondents

Source: Author (2017)
Table 4.3 and figure 4.3 show that 6% of the respondents were of the age bracket 18-25 and 22% were in the age bracket 26-35 while 54% were in the 36-45 age bracket, 12% in the 46-55 age bracket, and 6% were of the aged above 55. Based on the findings it can be concluded that majority of the respondents were between the age group 36-45.

4.2.4 Highest level of Education

From the analysis of the education level of respondents, the findings were as follows:

Table 4.4. Highest Level of Education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>College</td>
<td>15</td>
<td>30</td>
</tr>
<tr>
<td>University</td>
<td>28</td>
<td>56</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Author (2017)*
Table 4.4 and figure 4.4 show the level of education of the respondents. 56% of them were university graduates while 14% were secondary level and 30% were college level from the study it can be concluded that the majority of the respondents had attained university level of education. This implies that they were a knowledgeable people.
4.2.5 Length of Service

The analysis of the length of service of respondents was as follows:

Table 4.5 Length of Service

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>3-4</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>3-6</td>
<td>11</td>
<td>22</td>
</tr>
<tr>
<td>Over 6 years</td>
<td>29</td>
<td>58</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author (2017)

Figure 4.5 Length of Service

Table 4.5 and figure 4.5 shows that 6% of the respondents had been in service for between 1-2 years, 14% of the respondents had been in service for a period of between 3-4 years while 22% had been in service for a period of between 5-6 years and 58% had
been in service for over 6 years. Majority had gained enough experience in the organization.

4.2.6 Liquidity Rating

As to which extent liquidity had an effect on contemporary art valuation, the response was as follows:

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very large extent</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Large extent</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>28</td>
<td>56</td>
</tr>
<tr>
<td>Small extent</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Author (2017)*

**Figure 4.6 Liquidity Rating**

*Source: Author (2017)*
Figure 4.6 and table 4.6 indicate the respondents rating of the extent to which liquidity affected contemporary art valuation. Based on the analysis, 14% of the respondents had rated the extent as very large, 20% of the respondents had rated the extent as large, and 56% of the respondents had rated the extent as moderate while 10% of the respondents had rated the extent as small. Hence majority of the respondents rated the extent to which liquidity had affected contemporary art valuation as moderate.

4.2.7 Liquidity

On whether liquidity affected contemporary art valuation, the response was as follows:

Table 4.7 Liquidity

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>34</td>
<td>68</td>
</tr>
<tr>
<td>No</td>
<td>16</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author (2017)
Source: Author (2017)

Table 4.7 and figure 4.7 shows the effect of liquidity on contemporary art valuation. Based on the analysis 68% of the total respondents indicated that liquidity affected contemporary art valuation, 32% of the total respondents stated that liquidity did not affect contemporary art valuation. The study therefore concluded that majority of the respondents had stated that liquidity affected contemporary art valuation.

4.2.8 Entry Barrier Rating

On how they rated entry barrier, the response was as follows:

**Table 4.8 Entry Barrier Rating**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>High</td>
<td>28</td>
<td>56</td>
</tr>
<tr>
<td>Moderate</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Low</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Author (2017)

Table 4.8 and figure 4.8 shows how they rated entry barrier, and 10% of the respondents rated entry barrier as very high, 56% of the respondents rated entry barriers as high, 24% of the respondents rated entry barrier as moderate while 10% of the respondents rated entry barrier as low. The study concluded that majority of the respondents rated entry barrier as high.
4.2.9 Entry Barrier

On whether entry barrier had an effect on contemporary art valuation, the respondents indicated the following:

Table 4.9 Entry Barrier

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>32</td>
<td>64</td>
</tr>
<tr>
<td>No</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Author (2017)
Table 4.9 and figure 4.9 above shows the effect of entry barrier on contemporary art valuation. Based on the analysis 64% of the total respondents indicated that entry barrier affected the contemporary art valuation, 36% of the total respondents stated that entry barrier did not affect contemporary art valuation. The study therefore concluded that majority of the respondents had agreed that entry barrier affected contemporary art valuation.

4.2.10 Transparency Rating

As to which extent transparency had an effect on contemporary art valuation, the response was as follows;
Table 4.10 Transparency Rating

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very large extent</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Large extent</td>
<td>13</td>
<td>26</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>27</td>
<td>54</td>
</tr>
<tr>
<td>Small extent</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Author (2017)*

Figure 4.10 Transparency Rating

*Source: Author (2017)*

Figure 4.10 and table 4.10 shows how the extent to which transparency affected contemporary art valuation was rated. Based on the analysis 14% of the respondents had rated the extent as very large, 20% of the respondents had rated the extent as large, and 56% of the respondents had had rated the extent as moderate while 10% of the respondents had rated the extent as small. The conclusion from the findings is that majority had rated the extent to which transparency had affected as moderate.
4.2.11 Transparency

On whether transparency had an effect on contemporary art valuation, the respondents indicated the following.

**Table 4.11 Transparency**

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>38</td>
<td>76</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Author (2017)*

**Figure 4.11 Transparency**

*Source: Author (2017)*

Table 4.11 and figure 4.11 shows the effect of transparency on contemporary art valuation. Based on the analysis 76% of the total respondents indicated that transparency
affected contemporary art valuation, 24% of the total respondents stated that transparency did not affect contemporary art valuation. The conclusion drawn is that majority of the respondents agreed that transparency affected contemporary art valuation.

4.2.12 Market Demand Rating

On how they rated market demand the response was as follows:

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very High</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>High</td>
<td>26</td>
<td>52</td>
</tr>
<tr>
<td>Moderate</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>Low</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 4.2.12 Market Demand Rating

Source: Author (2017)
Table 4.12 and figure 4.12 above show how respondents rated market demand. 12% of the respondents rated market demand as very high, 52% of the respondents rated market demand as high, and 28% of the respondents rated market demand as moderate while 8% of respondents rated market demand as low. Thus majority of the respondents rated market demand high.

4.2.13 Market Demand

On whether market demand had an effect on contemporary art valuation, the respondents indicated the following:
Table 4.13 Market Demand

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>38</td>
<td>76</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

*Source: Author (2017)*

Figure 4.13 Market Demand

*Source: Author (2017)*

Table 4.13 and figure 4.13 above shows the effect of market demand on contemporary art valuation. Based on the analysis 76% of the total respondents indicated that market demand affected contemporary art valuation, 24% of the total respondents stated that market demand did not affect contemporary art valuation. The study therefore concluded
that majority of the respondents had agreed that market demand affected contemporary art valuation.

4.2.14 Fraud Rating

As to what extent fraud had an effect on contemporary art valuation, the response was as follows:

Table 4.14 Fraud Rating

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very large extent</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Large extent</td>
<td>29</td>
<td>58</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Small extent</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Author (2017)*

Figure 4.14 Fraud Rating
Figure 4.14 and Table 4.14 show the rating on the extent fraud affected contemporary art valuation. Based on the analysis 20% of the respondents had rated the extent as very large, 58% of the respondents had rated the extent as large, and 16% of the respondents had rated the extent as moderate while 6% of the respondents rated the extent as small. Therefore, majority of the respondents rated the extent to which fraud had affected contemporary art valuation as large.

4.2.15 Fraud

On whether fraud had an effect on contemporary art valuation, the response was as follows:

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>36</td>
<td>72</td>
</tr>
<tr>
<td>No</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>Total</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

_Source: Author (2017)_

![Figure 4.15 Fraud](image)

_Source: Author (2017)_
Table 4.15 and figure 4.15 shows the effect of fraud on contemporary art valuation. Based on the analysis 72% of the total respondents indicated that fraud affected contemporary art valuation, 28% of the total respondents stated that fraud did not affect contemporary art valuation. The study therefore concluded that majority of the respondents had agreed that fraud affected contemporary art valuation. The findings show that the majority of the respondents had agreed that fraud affected contemporary art valuation.

4.3 Summary of Data Analysis

4.3.1 General Information

Table 4.15 and figure 4.15 shows the effect of fraud on contemporary art valuation. Based on the analysis, 72% of the total respondents indicated that fraud affected contemporary art valuation, 28% of the total respondents stated that fraud did not affect contemporary art valuation. The findings show that majority of the respondents agreed that fraud affected contemporary art valuation.

4.3 Summary of Data Analysis

4.3.1 General Information

The respondents who successfully filled and completed the questionnaires to the required expectation of the research, were 50 which comprised a majority 74% while 18 respondents comprising 26% did not participate effectively. The number of males (74%) who participated in the study comprised a majority of respondents while 26% of the respondents were female. 6% of the respondents were of the age bracket 18-25, 22%
were between the ages of 26-35 while 54% were between the ages of 36-45. 12% were of the age bracket 46-55 while 6% were of the ages of above 55 years. 56% of the respondents were university graduates, while 14% were of secondary level and 30% were college level. The findings show that majority of the respondents had attained university level. 6% of the respondents had been in service for between 1-2 years, 14% of the respondents had been in service for a period of between 3-4 years while 22% had been in service for a period of between 5-6 years and 58% had been in service for over 6 years.

4.3.1 Liquidity
As to which extent liquidity had an effect on contemporary art valuation, 14% of the respondents had rated the extent as very large, 20% of the respondents had rated the extent as large, and 56% of the respondents had rated extent as moderate while 10% of the respondents had rated the extent as small. The findings show that majority of the respondents rated the extent to which liquidity had affected contemporary art valuation as moderate.

4.3.2 Entry Barrier
On how they rated entry barrier, 10% of the respondents rated entry barrier as very high, 56% of the respondents rated entry barrier as high, and 24% of the respondents rated entry barrier as moderate while 10% of respondents rated entry barrier as low. The study concluded that majority of the respondents rated entry barrier as high.

4.3.3 Transparency
As to which extent transparency had an effect on contemporary art valuation, 14% of the respondents had rated the extent as very large, 20% of the respondents had rated the
extent as large and 56% of the respondents had rated the extent as moderate while 10% of the respondents had rated the extent as small. The findings show that majority of the respondents rated the extent to which transparency had affected contemporary art valuation as moderate.

4.3.4 Market Demand

On how respondents rated market demand, 12% of the respondents rated market demand as very high, 52% of the respondents rated market demand as high, and 28% of the respondents rated market demand as moderate while 8% of the respondents rated entry barrier as low. The findings show that majority of the respondents rated market demand as high.

4.3.5 Fraud

As to which extent fraud had an effect on contemporary art valuation, 20% of the respondents had rated the extent as very large, 58% of the respondents had rated the extent as large, and 16% of the respondents had rated the extent as moderate while 6% of the respondents had rated the extent as small. The findings show that majority of the respondents rated the extent to which fraud had affected contemporary art valuation as large.
CHAPTER FIVE
SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
The objective of this study was to analyse factors affecting contemporary art valuation in Kenya. The findings are summarized in the following section as well as conclusion and recommendation.

5.2 Summary of Findings
The objective of the study was to establish factors affecting contemporary art valuation with a specific concern for National Museum. The results provide useful information necessary for action to streamline the art valuation system in the National Museum of the Kenya. It is evident from the findings that there are factors that affect art valuation, which need to be taken into account in any framework for art valuation.

5.2.1 To which extent does liquidity affect contemporary art valuation?
On whether liquidity affected contemporary art valuation, 68% of the total respondents indicated that liquidity affected contemporary art valuation, and 32% of the total respondents stated that liquidity did not affect contemporary art valuation. Majority of the respondents, however, agree that liquidity affect contemporary art valuation

5.2.2 What is the effect of entry barrier on contemporary art valuation?
On whether entry barrier had an effect on contemporary art valuation, 64% of the total respondents indicated that entry barrier affected contemporary art valuation, 36% of the
total respondents stated that entry barrier did not affect contemporary art valuation. The study therefore concluded that majority of the respondents had agree that entry barrier affected contemporary art valuation.

5.2.3 To what extent does transparency affect contemporary art valuation?
On whether transparency had an effect on contemporary art valuation 76% of the total respondents indicated that transparency affected contemporary art valuation, 24% of the total respondents stated that transparency did not affect contemporary art valuation. The study therefore concluded that majority of the respondents had agreed that transparency affected contemporary art valuation.

5.2.4 What is the effect of market demand on contemporary art valuation?
On whether market demand had an effect on contemporary art valuation 76% of the total respondents indicated that market demand affected contemporary art valuation, 24% of the total respondents stated that market demand did not affect contemporary art valuation. The study therefore concluded that majority of the respondents had agreed that market demand affected contemporary art valuation.

5.2.5 To which extent does fraud affect contemporary art valuation?
On whether fraud had an effect on contemporary art valuation, 72% of the total respondents indicated that fraud affected contemporary art valuation, 28% of the total respondents stated that fraud did not affect contemporary art valuation. The study
therefore concluded that majority of the respondents had agreed that fraud affected contemporary art valuation.

5.3 Conclusion

The ability to value contemporary art was described generally by the respondents as irrelevant, inaccessible and elitist, and that was the view held by those who are not involved in the works of art. A number of respondents indicated that many of the art curators lacked previous experience of the arts, and that led to lack of confidence and lack of knowledge about valuation of contemporary art. Presentation of local contemporary art work in public galleries was seen as a marketing place. Curators were believed not to value art work by local contemporary artists. Entry barriers included geographical and physical accessibility. There was also issues of fraud, which generally affected trust in the art economy.

Art valuation is seen as the preserve of the galleries or curators and dealers, however that may only be true to certain degree. To conclude, the findings further emphasizes the need to have credible and transparent systems of valuation that eliminates fraud while controlling liquidity of the contemporary art economy. The findings also confirmed a widespread belief that only art work by famous artists are priceless and hence cannot be valued in public galleries. Majority of the respondents maintained that the valuation of contemporary art in the public galleries would be difficult to enhance if liquidity, entry barrier, transparency market demand and fraud are effectively addressed.
5.4 Recommendation

On account of the findings, the following recommendations are made:

5.4.1 Liquidity

Although art liquidity is a measure of its value, determination of the correct price is essential. Certain contemporary art work by famous artists have value and are quite often very liquid for those who possess them. Museum curators should therefore assess the liquidity ratio of contemporary art work before determining its true value. This can be achieved by evaluating the number of individual actual bids.

5.4.2 Entry Barrier

Local artists find it difficult to get noticed especially whenever art work by famous artists is in display. It is easier to apportion credible value to such art work than those of unknown artists. This entry barrier is enormous and can enhance exploitation of these artists. The art curator should consider this concern an impediment and therefore eliminate the entry barriers by delinking personalities from value assessment process.

5.4.3 Transparency

A transparent valuation process that is not shrouded in secrecy may bolster confidence in art Ownership. Art dealers prefer to participate in public auctions that are transparent because it enhances the quality of their purchase. Museum curators should indulge in open and transparent valuation process that engages the services of professionals.
5.4.4 Market Demand

The demand for contemporary art may influence the valuation process especially if the demand outstrips supply however special consideration should be taken to avoid the market pitfalls associated with high demand that distort the true value contemporary art.

5.4.5 Fraud

As long as art dealers can pay for valuable art collections, fraudsters will always attempt to influence valuation process. Fraud is a challenge that can damage the credibility of art valuators. Museum curators should therefore put in place systems that discourage fraudulent behaviour that affect valuation of contemporary art.

5.5 Suggestions for Further Research

The study focus was in analysing factors affecting contemporary art valuation with special reference to the National Museum of Kenya, further research may also be initiated to find out whether traditional art work like those sold in Maasai Market would be influenced by similar challenges.
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APPENDIX II: QUESTIONNAIRE

Please answer questions by putting a tick [✓] in the appropriate box or by writing in the space provided.

Section 1:
1. Gender (a) Male [✓] (b) Female [✓]

2. Age in years
   18-25 [✓]
   26-35 [✓]
   36-45 [✓]
   46-50 [✓]
   Above 55 [✓]

3. What is your highest level of education?
   (a) Secondary [✓]
   (b) College [✓]
   (c) University [✓]

4. How long have you worked for the Organization?
   (a) 1-2 years [✓]
   (b) 3-4 years [✓]
   (c) 5-6 years [✓]
   (d) Over 6 year [✓]

Section 2: Liquidity
5. To what extent does Liquidity affect contemporary art valuation?
   (a) Very Large Extent [✓]
   (b) Large Extent [✓]
   (c) Moderate Extent [✓]
   (d) Small Extent [✓]
6. Suggest ways in which art valuation would enhance liquidity in the market?

7. In your opinion do you think the liquidity of art work would influence contemporary art valuation?
   (a) Yes [    ]
   (b) No  [    ]

Section 3: Entry Barrier
8. How would you rate entry barrier in the art market?
   (a) Very High  [    ]
   (b) High       [    ]
   (c) Moderate   [    ]
   (d) Low        [    ]

9. In what way do you think entry barrier would influence contemporary art valuation?

10. In your opinion do you think entry barrier would have an effect on contemporary art valuation?
    (a) Yes  [    ]
    (b) No  [    ]

Section 4: Transparency
11. To what extent does transparency affect contemporary art valuation?
    (a) Very Large Extent  [    ]
    (b) Large Extent       [    ]
12. In your opinion would you indicate how transparent contemporary art valuation?

………………………………………………………………………………………………
………………………………………………………………………………………………
……………………………………………………………………………………………

13. Do you think transparency would have an influence on contemporary art valuation?
(a) Yes [  ]
(b) No [  ]

Section 5: Market Demand

14. How would you rate the market demand for contemporary art?
(a) Very High [  ]
(b) High [  ]
(c) Moderate [  ]
(d) Low [  ]

15. In your opinion would you indicate briefly how market demand would influence contemporary art valuation?...

………………………………………………………………………………………………

16. In your view does market demand have an influence on contemporary art valuation?
(a) Yes [  ]
(b) No [  ]

Section 6: Fraud

17. To what extent does fraud affect contemporary art valuation?
(a) Very Large Extent [  ]
(b) Large Extent [    ]
(c) Moderate Extent [    ]
(d) Small Extent [    ]

18. Indicate briefly how fraud would influence contemporary art valuation?

19. In your view does fraud have an influence on contemporary art valuation?
(a) Yes [    ]
(b) No [    ]