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Gender diversity: a biased auction market?

Abstract

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Introduction and Methodology

Previous research has addressed the issue of gender inequality in the art market (i.a. Bocart et al., 2018; Cameron, Goetzmann & Nozari, 2019). Two theoretical streams try to explain the existing gender effects: the demand theory and the supply theory. While the demand theory argues that art by women is simply of lesser quality, the supply theory states that institutional barriers prevent women from participating in the professional art market (Cameron et al., 2019, p. 280). Our study contributes to the ongoing debate. It examines the influence of auction houses on gender effects in the secondary art market. Based on a data set of over 6,000 auction transactions at Christie's in 2019, five statistical tests are conducted. The multi-factorial analysis of variance is used to analyze the data.

Results and Discussion

1. We report that estimates for artworks by women are on average slightly lower than estimates for artworks by men (USD 68'175 vs. USD 72'908). This difference is not statistically significant. In contrast, our analysis implies that pre-sale estimates do not systematically differ. This finding contradicts the demand theory. Accordingly, auctioneers would evaluate artworks by women lower because they assume less appreciation of female art by collectors. Yet, *Christie's* does not value works of art by women lower than comparable art by men. The findings suggest that auction houses do not bias estimates for any strategic reason. Rather, biases result from random errors or inefficiencies.
2. We report that the mean hammer price for artworks by female artists is slightly higher than hammer prices for artworks by men (USD 102'687 vs. USD 90'844). This difference is statistically significant. The finding is consistent with the supply theory (Bocart et al., 2018; Cameron et al., 2019): Overall, women account for a small proportion of transactions but command a price premium. Due to higher entry barriers, only the best female artists access the secondary art market and therefore, achieve higher prices.
3. We report that auctioneers underestimate artworks by women significantly more than artworks by men. As described by Bocart et al. (2018), this could lead to a so-called self-selection mechanism: The institutional underestimation through auction houses, and thus the insufficient recognition of their works, possibly discourages female artists from pursuing a professional career, or impede their transition from the primary to the secondary art market.
4. Previous research has argued that regional differences could influence market access and auction prices (Cameron et al., 2019). Accordingly, the proportion of women in the auction market in China, Italy, the Netherlands and Switzerland should be lower than in other countries. Our sample contradicts this assumption with the highest proportion of female artists in China (18%), followed by Hong Kong (13.5%), the United States of America (8.5%), Italy (8%) and the Netherlands (7%).

Conclusion and Outlook

Our findings support the supply theory. They also serve as a starting point for future research on the underdeveloped issue of the influence of auction houses on gender inequalities in the secondary art market.

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