THE STRONG FOCUS ON OUTPUT INFORMATION: A THREAT TO EVALUATION IN THE SWEDISH STATE SECTOR?

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Abstract: This article discusses the issue of combining different kinds of results information for decision-making in the public sector. Its purpose is to take part in the debate on public management and management by results, by arguing that the trend in public management is a focus on information about outputs and a decreasing interest in information about outcomes. Since the mid-1980s there has been an obvious drop in the interest in results information in the public sector in Sweden and in many other countries (those within the OECD for instance). The favoured concept for the state sector in Sweden is management by results. Ministries and agencies have developed skills to measure not only costs, but also quality and performance. It is easy to believe that this development also should stimulate the development of evaluations of outcomes and in-depth analyses, as these evaluations are important to the concept of management by results. However, we argue that simpler and more focused follow-up information has increased and so also has interest in such information. In short, interest in information about outputs has increased at the expense of interest in information about outcomes. This threatens to diminish the future role of evaluation.

Résumé: Cet article traite la question de la combinaison de différents genres de résultats pour la prise de décision dans le secteur public. Son but est de participer à la discussion sur la gestion publique et la gestion des résultats, en énonçant l’hypothèse que la tendance dans la gestion publique est vers les outputs et un intérêt décroissant pour les outcomes. Ceci menace de diminuer le rôle des évaluations à l’avenir. Depuis le milieu des années 80 un changement est évident dans l’intérêt porté aux résultats dans le secteur public en Suède et aussi dans beaucoup d’autres pays (par exemple, dans l’OCDE). Le concept pour
This article is intended to contribute to the debate on management by results. It puts forth the following hypothesis: The trend in public management is to focus on information about outputs with a decreasing (and merely formal) interest in information about outcomes. This threatens to diminish the role of evaluations in the future.

Since the mid-1980s there has been a clearly observable change in the interest in results information in the public sector in Sweden and in many other countries as well. The dominant concept in the state sector in Sweden is management by results. Swedish ministries and agencies have developed methods for the measurement not only of costs, but also of quality and performance in relation to outputs.

In our work we are in frequent contact with ministries and central government agencies in Sweden, by way of such activities as seminars and workshops and various development-oriented projects related to public management (for example, management by results and questions within the framework of the Swedish budget process).

This article presents a number of factors that are important for the discussion of our hypothesis. Two of the factors may be significant not only for Sweden, but also for other countries using management by results as an important instrument of public management. These factors are:

- results-based information within the framework of the central government budget process;
- the Swedish commission system, its contents and quality; and
There are two major systems in the Swedish state sector that handle a large amount of results-based information, namely the central government budget process and the commission system. (In the Swedish political system, commissions are ad hoc investigative bodies formally initiated by the government to produce information on past performance and alternatives for future policy action.) In a sense, both systems constitute prerequisites for better decision-making. They use results-based information in conjunction with information about the future and the community in which projected measures will be implemented. This should make it easier to make more objective and better grounded decisions.

The third factor is important because if the information available within the two systems mentioned above is inadequate in terms of relevance or quality, for example, better information might well be available somewhere else.

A brief comment is important with respect to the term evaluation. There are almost the same numbers of definitions of this word as there are civil servants around the world using it. We use the definition formulated by Vedung (1997, p. 3): “careful retrospective assessment of the merit, worth, and value of the administration, output, and outcome of government interventions, which is intended to play a role in future, practical action situations.” In this work we pay special attention to information about outcomes, because our experience of the Swedish budget process persuades us that such information is more likely to be connected to processes involving careful assessment, namely, evaluation.

TRENDS IN THE CENTRAL GOVERNMENT BUDGET PROCESS WITH RESPECT TO RESULTS INFORMATION

In Sweden, the central government budget process involves large amounts of results information. For this reason, the content of the budget documents frequently attracts interest from different stakeholders. In recent years, studies focusing on the kind of results information presented to Parliament by the government have been carried out fairly regularly. This gives us a reasonably good empirical foundation for speaking about trends in one direction or another. A study carried out by the Swedish National Audit Office in 1998 (1998b, p. 46) is a good example.
The report is a comparative study focusing on two aspects. First, the study attempts to chart the kind of results information the government actually presents to Parliament in its budget proposal and to see whether there have been any changes over the years in this respect. In the report, results information is defined as information about outputs, outcomes, and processes. Second, the report attempts to pinpoint any changes in the quality of the results information between two sets of budget proposals. This is regarded as important because, in recent years, major resources have been concentrated on improving the quality of results-based information in the Swedish budget process.

The budget proposals for the fiscal years 1994/95 and 1998 were chosen for the study. One of the reasons for this was that on January 1, 1997, the State Budget Act came into effect in Sweden. The State Budget Act was enacted in order to improve budgetary discipline and institute a budget ceiling for government expenditure. The act also explicitly obliged the government to present to Parliament the objectives and results that had been achieved in different areas within the state sector in the previous year. Even if it was too early to see whether the act had had any major impact on the way the government reports results to Parliament, the study made an effort to find trends that indicated improved reporting between government and Parliament.

The report found that the total amount of results-based information doubled between the two sets of proposals. The greatest increase was in information about internal processes (126%), followed by output information (116%) and outcome information (57%). The report also noted that the most frequently reported data concern outputs. In the 1998 budget proposals, output information accounts for 60% of the total amount of results-based information. In the same budget proposals, outcomes information constitutes 23% and process information 17% of all results information (Swedish National Audit Office, 1998b, p. 18).

In assessing the quality of the results-based information in the two sets of budget proposals, we define good quality as results information that adds information value to the basic reporting on results. Results information related to something valuable of this kind makes it easier for the reader to judge existing information and put it in a meaningful context. In addition to output, two subcategories have been added. The report tries to determine to what extent outputs
are related and connected to presented objectives, and results information is compared over time and in relation to other activities and other agencies. For outcome information three subcategories are used to determine to what extent that information is related to its objectives, is presented in conjunction with a policy theory, and is supportive of the assumptions underlying the policy theory.

The report concludes that in all categories except one, the trend is positive. The amount of results information presented, together with additional information making it easier to understand the results information, has increased rather substantially between the budget proposals of 1994/95 and 1998. A negative conclusion, however, is that the government and its agencies are still having immense problems relating output and outcome information to the objectives decided by Parliament (Swedish National Audit Office, 1998b, pp. 21–27).

The fact that Sweden has a system of public administration that is rather good at producing results information that improves in quality each year is a positive feature. The main problem, in our view, is that the government and its agencies are producing and presenting results information to Parliament in which Members of Parliament have little interest. In recent years, Parliament has become more active in articulating demands specifying the kind of results-based information it would like to receive from the government. On several occasions different parliamentary committees have explicitly stated that they would like to receive more information about the outcomes of public programs and not so much highly detailed information about the agencies’ outputs and internal processes. Bearing this in mind, the fact that the government is not capable of delivering the kind of information that Parliament is requesting is problematic. Despite the positive developments mentioned above, 77% of all results information presented in the budget proposals consists of information on outputs and processes, in which Parliament shows only limited interest.

Sweden: An International Comparison

Is the insistent focus on output information a typical characteristic of the Swedish budget process, or can these tendencies be seen in other countries as well? In 1998, the Ministry of Finance commissioned the Swedish National Audit Office to conduct an international study of the regulations and praxis guiding governments in their
provision of results-based information to parliaments. Seven countries — Finland, Denmark, Norway, the USA, Canada, Australia, and New Zealand — were selected for inclusion in the study (Swedish National Audit Office, 1998a, p. 57).

One of the conclusions of the report was that regardless of the kind of documents used by a government to deliver results information to Parliament, and regardless of the periodicity of the reporting, information on outputs clearly dominated the flow of information (Swedish National Audit Office, 1998a, pp. 9–10). The study was unable to judge whether this was regarded as a serious problem by the Parliaments concerned, as in a majority of the countries studied it appeared that the government had very little knowledge of the kind of results information in which the Members of Parliament were interested. In some countries it was claimed that Parliament as a body had never expressed any wish one way or the other concerning results information, and as long as this remained the case, the government would keep delivering the results information it thought might interest Parliament.

Missions Assignments in Government Approval Documents

One important way in which the Swedish government commissions evaluations, within the framework of the budget process, is by using government approval documents. This document is crucial in the government’s management of its agencies. It states the goals, performance requirements, and funding for its various agencies during the fiscal year in question. One part of this document is called assignments, in which the government may commission evaluations and analyses of substance, not necessarily to be carried out in the same fiscal year. Bearing in mind the existence and the importance of evaluations, we took a closer look at the assignments specified in the approval documents.

The study goes back to the fiscal year 1995/96 in three policy areas: labor and working life; health, the social services and the care sector; and trade and industry. These areas cover a relatively large part of the Swedish national budget (about 45 large agencies). The study shows that in all three areas the presence of assignments has steadily increased (in all, from 111 to 212 between 1995/96 and 1998). But the increase cannot be explained by an increasing interest in assignments with an evaluation focus. Evaluation assignments have been relatively constant in absolute terms, but in relative terms we
can see a decrease (from 14 to 12% between 1997 and 1998). Missions assignments involving implementation with a more follow-up-oriented focus have instead increased markedly in number.

Commissioning evaluation studies as assignments in government approval documents is just one approach to commissioning, as there are also evaluations at different levels within the public sector. But even if the assignments increase in number, there has not been a corresponding rise in interest in commissioning more evaluations.

From In-Depth Requests for Funds to Documentation for In-Depth Analysis

Another development that confirms our view that the strong focus on producing output information could have a restraining influence on conducting evaluations involves changes that have taken place in recent years in the Swedish budget process. In 1996 the government decided to abandon the system of in-depth requests for funding. Before 1996, the agencies had to deliver a report to the government every third year in which they analyzed their own activities and posed critical questions about them, and to some extent also questioned their own existence as a public agency. This was a system whereby the government hoped to receive in-depth information from the agencies on a regular basis, and not only the standard information usually provided in annual reports. One reason that the government abandoned this system was that it thought in-depth assessments had proven merely to be another forum for asking for extra resources from the government.

The system of in-depth requests for funding was replaced with a system in which the government gave itself the power to request in-depth analysis when they thought such was needed. So far the government has made use of the system in only very few cases. One reason for this could be that the government does not have the time needed to analyze and use such information. Another reason could be that they are simply not interested in this type of analytical information. We maintain that this development seriously threatens the discussion and production of in-depth analysis, which is so crucial to public administration and policy-making today. The abandonment of the system of in-depth requests for funding has removed the possibility of reporting more analytical types of information to the government on a regular basis.
The VESTA Project

In all countries included in the international study mentioned above, representatives of different stakeholders saw very much the same challenge for the 21st century: to create methods, regulations, procedures, and management systems that support the agencies in improving their reporting on the outcomes of their activities and to better link results to costs.

In Sweden in 1996, a project called VESTA (Verktyg för Ekonomistyrning i STAten: Tools of Financial Management within the State Sector) was launched with the aim of addressing some of the fundamental problems in the central government budget process with respect to relating costs to results. VESTA is a project run by the Ministry of Finance in close partnership with the National Financial Management Authority and the Swedish Agency for Administrative Development. The main idea behind the project is that if the national budget could be presented in terms of revenues and costs, cash receipts and cash expenditures, and assets and liabilities, it would create better preconditions for improving the connection between the targets set, the results achieved, and the resources used. Today the principles for accounting and budgeting are a mixture of a cash basis and a modified accrual basis, and this is considered to be less than optimal when trying to correlate costs with results. These changes in budgeting and accounting need to be accompanied by a new management structure based on activities. Policy areas based on operations must replace the present structure of expenditure areas based on and primarily focusing on agencies rather than activities.

To support these improved budgeting and accounting principles and processes, the VESTA project aims at creating a powerful, integrated, and consolidated information system. Exactly what kind of information this system will contain is not yet decided, but what has been made clear at an early stage is that it will contain information about such things as, for example, productivity figures and the time taken for dealing with applications from agencies. No doubt the focus will be on standard information of a relatively simple character, and this is what concerns us.

In their eagerness to supply this kind of information to the central government and its information system, one might fear that agencies, to an even greater extent than is already the case, will prioritize
the production of simpler kinds of results information focusing on internal processes and outputs. With a shift to regular reporting of this information, there is a great risk that the agencies will focus less on producing information about the outcomes of their activities. In the long run, this may well endanger the production of relevant information about outcomes.

THE SWEDISH COMMISSION SYSTEM

The Swedish Commission System is a very old system that goes back to the 17th century. The commission system was, and still is, regarded as a problem solver in a range of ways, even though this view has changed over time. There are two major reasons for dealing with a question in a commission (Johansson, 1992). The first is to build a consensus between different players, not only Members of Parliament but also the various (powerful) interest groups in society at large. The second reason is the goal of having carried out a thorough investigation/evaluation of areas relevant to a major decision before such a decision is taken. The commissions supply “objective” reports, produced by experts and elected representatives working together. A traditional and still current symbolic aspect linked with the commission system is the use politicians make of commissions to postpone difficult or sensitive decisions, or to make a show of being able to “do something rather than nothing.”

Historically, this means that for the Swedish public sector, there is a long tradition of using results-based information through the commission system. A typical feature of this system is that ex post evaluation information is connected with forward-looking policy analysis (Vedung, 1997, p. 77). The commission system is often referred to as an important factor underpinning the development and existence of the evaluation tradition in Sweden (Furubo & Sandahl, 1993, p. 10).

Several interesting studies have been carried out on the commission system from its origins in the 17th century. One indicator of the importance of the commission system, which is mentioned in most of these studies, is the number of commissions. During the past three decades the number of commissions seems to be decreasing year by year (Johansson, 1992; Gunnarsson & Lemne, 1998); however, during the 1990s the number of commissions actually increased, from 237 in 1992 to 299 in 1997.
The study by Gunnarsson and Lemne, apart from dealing with the number of commissions, is very clearly focused on the content of the commissions, their quality, and their methodology. The writers see the primary purpose of the commissions as the investigation, analysis, and evaluation of questions of substance. In that perspective, the time that each commission has to carry out its assignment is highly correlated to the quality. The shorter the time given to work with a complex group of problems (especially if the purpose of the commission is complex, too), the poorer the quality of the report. Today the average time is approximately 2.5 years. In 1997, however, 43% of the commissions started and completed their work before a year was up. In 1988 the corresponding number was only 25% (Gunnarsson & Lemne, 1998, pp. 45ff.).

Another important explanatory factor with respect to the quality of work of the commissions is their staffing. The use of special commissions (usually “one-person” investigations by political appointees) has increased, at the expense of the more parliamentary type of commission. In 1997, 72.2% of all the commissions took the form of special commissions rather than groups of experts and/or members of Parliament (Gunnarsson & Lemne, 1998, p. 100).

The quality of the commissions studied by Gunnarsson and Lemne was examined by referees (two experts and researchers from various fields and with experience in relation to every commission examined) (Gunnarsson & Lemne, 1998, p. 62). The referees concluded that the quality with respect to different factors is poor. This is especially the case with respect to data documentation, methods, and analyses (Gunnarsson & Lemne, 1998, p. 75). Also, the purpose of the work done by a commission is not exclusively to solve significant problems — everything appears to fall within the scope of a commission, regardless of whether the problems are solved with in-depth analyses or not. An “everything goes” approach seems to predominate. There is also a tendency to investigate questions over and over again.

Another important conclusion drawn by Gunnarsson and Lemne is that several of the questions handled by commissions today could be better handled in other ways. For example, some of the commissions might be regarded as autonomous agencies. Other commissions have been given responsibility for questions that could easily be handled by already existing agencies within the public sector (1998, p. 43).
The general tendency described above is that information about performance and output predominates, even though we must make allowances for the limitations of the empirical material used. Not only is such information predominant in the Swedish national budget documents, but it also seems that this is the case in many other countries where governmental systems of reporting to Parliament are concerned. Within the Swedish commission system the quality and focus on the subject are poor. This conclusion brings us to some very important questions in this context. Are these findings a sign of decreasing interest in evaluations or are they a sign of a shift in attitude toward evaluations? If not in the budget process or the commission system, where can we find a fertile environment for evaluations?

HAVE EVALUATIONS MOVED TO ARENAS OTHER THAN THE BUDGET PROCESS?

What is the prospect of different arenas for evaluations arising? There are some interesting trends and factors worth mentioning here. Our starting point is to take a closer look at the players within the state sector: the ministries, the agencies, and the audit bodies. Here two things are of particular interest, namely the competence and capacity of each of these actors.

The Ministries

Ministries in Sweden are very small compared with those of other western countries. Historically, there has always been, and still is, a “knowledge deficit,” that is to say, an imbalance between the ministries and the agencies regarding both competence and capacity to produce knowledge. This means that the ministries are almost always dependent on the knowledge of the agencies. Given this situation, the government approval document is an important document for commissioning relevant information from the agencies. If the government should be disappointed in the information it receives from its agencies, there are one or two possible solutions or explanations for this. Either the government could take its role as a “commissioner” more seriously and start to really “think before ordering” or, an alternative that may appear a little easier, the government (read: the ministry responsible for dealing with the situation) could develop its own bodies within the ministries.
In our own experience, the skills of the civil servants within the ministries in relation to commissioning results-based information have improved, even though there remains much to be desired. As far as the other alternative is concerned, in recent years there seems to have been a tendency within the ministries to build up expert groups and other units. These units work on issues that are to be analyzed and evaluated, and the immediate user of this information is the government itself. One could argue that the ministries are building a body of competence and knowledge for use in decision-making processes and other situations. The study of the commission system by Gunnarsson and Lemne showed that many of the commissions tackle questions that might as well be dealt with by already existing agencies or by setting up new agencies. In 1997 there were up to 85 bodies that could be considered as commissions within the ministries, and some of these (15) had been set up in the 1980s (Gunnarsson & Lemne, 1998, p. 43). A number of commissions and other bodies within the ministries seem to have been made permanent.

The Agencies

Regardless of government commissioning, it is interesting to observe the pattern of evaluations within the agencies. When the management-by-results reform was implemented in the Swedish public sector in 1988, it was stated that decisions regarding future activities should be based upon information about the results (output and outcomes) of the activities concerned. One player responsible for making this happen was, and still is, the agency itself. Producing evaluations was not a new idea for the agencies, however. In several spheres (for example, education and research and development), evaluations had been performed since the 1960s. There was already an evaluation tradition in several areas of policy.

A 1996 study by Barkman and Fölster concerned the extent and quality of evaluations focused on an agency’s own activities and performed by the agencies themselves, known as self-evaluations. The study dealt only with those evaluations initiated by the agencies themselves during the period 1990–95. It found that the number of evaluations was modest (some of the agencies had not produced a single one), and they were often of poor quality. Examining what the evaluations measured, the study showed that a large proportion of the self-evaluations contained simple judgements in general (and not on specific topics) with respect to efficiency, outcomes, produc-
tivity, and follow-up. Measurements relating to outcomes were relatively rare (Barkman & Fölster, 1996, pp. 9, 30–31).

In discussing self-evaluations, one always (sooner or later) comes to questions of objectivity and reliability. Every self-evaluation was examined along the lines of the above-mentioned study of the Swedish commission system, using two referees (experts and researchers in various fields with several years of evaluation experience). At issue was the question: were the self-evaluations useable and trustworthy? The first element of this question we leave unanswered because it is a subject that demands an article of its own. In the case of trustworthiness, the quality of the documentation is crucial. It is necessary that the reader be able to reach the same conclusion as the writer on the basis of the empirical evidence (data) presented. The study showed that this was a weak spot in several of the self-evaluations examined. Not only were there crucial shortcomings in the methods and data being used, but it was also difficult to draw the same type of conclusion as the writer on the basis of the empirical data presented (Barkman & Fölster, 1996, pp. 65ff).

The conclusion of the self-evaluation study should not be that agencies should stop performing this kind of evaluation. Rather, we should use the results to note the weaknesses of the agencies’ evaluations and instead stress the importance of developing and strengthening their evaluation skills.

The Audit Bodies

In Sweden the audit bodies differ from those in almost every other western country except Finland. The government has one audit body under its supervision, the National Audit Office (Riksrevisionsverket [RRV]), with approximately 200 civil servants. Even though the National Audit Office is not an independent audit body, it is nonetheless an agency with a very high degree of autonomy. Audit initiatives, therefore, originate to a very great extent within the National Audit Office itself. It has no great capacity for carrying out performance audits, which may be defined as “evaluations.” In recent years 15–20 performance audits have been carried out annually.

The other audit body in Sweden is under the supervision of Parliament itself and is known as the Parliamentary Auditors (Riksdagens revisorer). Its audits are undertaken on the initiative of Members of
Parliament, and in this way the Parliamentary Auditors can audit not only agencies (like the National Audit Office) but also the government itself. The Parliamentary Auditors is a very small institution, however, with only about 25 civil servants. It is commonly held that the Parliamentary Auditors have the mandate to audit the government but lack the resources, whereas the National Audit Office has the resources but not the mandate.

An international comparative study of a number of European countries and their performance audit systems (called the Performance Audit Project, initiated and led by Professor Christopher Pollitt, Brunel University, and Dr. Hilkka Summa, DG XIX, the European Commission) contains some interesting findings with respect to the performance audits carried out by the Swedish National Audit Office. First, the study shows that over a period of years (the 1980s and 1993–95) a great majority of the performance audits addressed ongoing activities. Second, most audits were still focusing on preconditions and systems and not on substance and performance. Third, there was a tendency toward a growing interest in performance and a higher level of quality in the audits.

Even though the two first findings may present a rather uninspiring picture, the third perhaps gives some grounds for optimism. It is significant that the audits focus on those aspects of their operations that agencies find it difficult to analyze (or for various reasons do not wish to analyze). In this way the audits may constitute an important complement to agencies and ministries within the framework of the budget process.

CONCLUSION

Our hypothesis, as stated above, was that the trend in public management is to focus on information about outputs to the detriment of information about outcomes. This threatens to diminish the role of evaluations in the future.

We maintain that there are strong indications that simpler information that is focused more on follow-up has increased within the state sector. The studies referred to in this article indicate this. Our hypothesis suggested that this increase in follow-up information has reduced outcome-oriented information. In this respect, the empirical material does not give us a clear picture. As may be seen in the study of results information in the sets of budget proposals studied,
all types of information increased, including information about outcomes. Even though information about outputs and processes made up almost 80% of the total amount of results information, information about outcomes also increased noticeably. On the other hand, the study of assignments in the government budgetary approval documents gives a different picture. In relative terms, assignments involving evaluation have actually decreased.

Added to this is the evidence regarding the Swedish commission system and the self-evaluations carried out by central government agencies. Commissions have increased in number in recent years, but the decreased time given to their work along with an “everything goes” approach has led to a decline in the quality of the reports. The self-evaluations performed by agencies are both few in number and characterized by poor quality. If interest in evaluations is to increase, it is important to guarantee an acceptable level of quality and reliability. It is also crucial that the need for competence in methodology and analysis skills is emphasized in the future.

Another problem concerns the purpose of the commission system. If this system is regarded as a guarantor of the evaluation tradition in Sweden, then work within the commissions has to have an evaluative character, and commissions should not be regarded as an institution for solving any and all problems in the public sector.

There are no simple explanations for this development in Sweden. We argue that the single most important factor is the macro-economic financial crisis that Sweden went through in the early and the middle 1990s. At a time when the budget deficit was increasing substantially each year and policy-makers were forced to carry out major cutbacks in public spending, interest in long-term problems and in obtaining more outcome-oriented results information was low. Great efforts were made to create a strict budget process that supported the need to take control over budget expenditure, and very little time was devoted to working on long-term problems in the public sector. The planning horizon for politicians and for the managers of state agencies was seldom longer than one year. In these circumstances, if there was any interest at all in results information, it involved a demand for simple output-oriented information, as this information might help politicians and managers in their choice of alternatives in cutting back costs and winding up certain activities. The sharp focus on the annual report probably also helps to explain this short-term approach.
For a number of years the Swedish state budget has been balanced and has even shown a surplus. We hope that this will increase interest in long-term questions and lead to a demand for more outcome-oriented information. In the meantime, we can only stress the importance of making higher-quality demands on the evaluations that are undertaken and of ensuring broader and higher levels of competence within the public sector at large.

**Figure 1**

Is the Public State Sector Evaluation Friendly?

"Evaluation Friendly" System?

- Poorer quality
- Shorter time to work
- "Everything goes"
- Shorter time horizon
- Budget deficit — cutbacks
- Output-oriented information
- More activities done within the ministries
- Agencies do few evaluations, often with poor quality
- Audit bodies more output or process oriented than outcome oriented so far
REFERENCES


