



Constituting performance

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Case studies of performance auditing and
performance reporting

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To Therese

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Stockholm, December 7th 2012

Fredrik Svärdesten Nymans

List of papers

Paper I. Grönlund, A., Svärdsten, F., & Öhman, P. (2011). Value for money and the rule of law: The (new) performance audit in Sweden. *International Journal of Public Sector Management*, 24(2), 107-121.

Paper II. Svärdsten Nymans, F., Catasús, B., & Öhman, P. (2012). What is “good” performance? Performing independent performance audit. Submitted to the *EAA Annual Congress, 2013*.

Paper III. Svärdsten Nymans, F. (2012). The search for output.

Paper IV. Svärdsten Nymans, F. (2012). Making numbers calculable. A case study of the production of calculable numbers. Revised and to be re-submitted to *Accounting, Organizations and Society*.

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PAPER I

Value for money and the rule of law: the (new) performance audit in Sweden

PAPER II

What is good performance? Performing independent performance auditing

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The search for output

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Making numbers calculable – A case study of the production of governable numbers

THESIS INTRODUCTION

Performance is the yardstick by which the quality of individual and collective human effort is assessed. Everywhere, performance shapes the lives of people and organizations according to its logics and demands. The quest for performance has spread to societies worldwide; it has become of central importance for our perception of our activities and our understanding of the world. Such importance calls for reflection within the context of organizations. First, all important social processes are strongly affected by organizations. Second, performance holds a commanding position in organizations (Corvellec, 1995).

This is a thesis about organizational performance. Organizational performance is a central phenomenon in many societies today. It has been argued that we live in a “performance measurement society” (Bowerman et al., 2000, p. 71) in which the desire to gain information about organizational performance is increasing. Researchers engaged in capturing global societal trends have suggested that the increasing demand for information about organizational performance can be understood as part of a cultural rationalization occurring at the global level (Drori et al., 2006; Jang, 2006). This “movement” has been referred to as the global discourse of “governance”. Governance can be translated as the “action or manner of governing” (Drori, 2006, p. 99), but it is a word with new meanings attached to it. The term is closely associated with the notion of “transparency” and “accountability”, and these terms often occur together in a discursive package. In our quest for

a responsible, accountable and transparent society, governmental agencies, schools, hospitals, private firms and private non-profit organizations implement performance indicators, report their performance and are assessed with external scrutiny. Transparency and accountability through performance disclosure have come to be regarded as synonymous with “good governance” in organizations and in nation-states and are associated with a well-functioning democracy.

Thus, if “performance” is so important, what is it? How can this concept be understood? Let us begin with the concept of accountability. Accountability may in its simplest sense be understood as social relations invoking the demanding and giving of reasons for conduct, i.e., relations where actors are required to account for their actions (Roberts & Scapens, 1985). In Corvellec’s (1995) doctoral dissertation on “narrative features about organizational performance” he explains performance as a matter of communicating an organization’s actions or the results of those actions. From this perspective performance is an important ingredient in accountability relationships. Performance scrutiny and performance reporting supposedly make organizations transparent (Strathern, 2000) and accountability relationships possible. In the discourse of governance and in reforms for increased and “better” governance, disciplines of organizational performance scrutiny and performance reporting are perceived as playing central roles (Drori, 2006).

In this thesis I adhere to Corvellec’s (1995) broad definition of performance. My ambition is to relate to the idea of performance rather than end up with an ostensive definition of this phenomenon. From this view, to study organizational performance is to study how actions in organizations and the results of those actions are represented in, e.g., a performance report. This thesis is based on case studies of two disciplines for creating such representations that have been described as being at the core of governance reforms: accounting

and performance auditing (Gendron et al., 2007; Jang, 2006; Pollitt et al., 1999; Power, 1997; Radcliffe, 1998). More specifically, the thesis is based on two case studies of performance reporting in a Swedish central agency – the Swedish Energy Agency (SEA) – and two case studies of performance auditing carried out by the Swedish National Audit Office (SNAO). The four studies have resulted in four papers which are presented in the four chapters following this introduction.

This thesis is the result of my PhD education, which means that it is the end product of a four-year research process. In this introduction chapter, I will elaborate on some of my considerations and thoughts about my research process as well as the papers resulting from this process. Although the papers can be read independently from one another, I will bind them together and relate them to an overall aim. This means that I will provide the reader with a certain meta-reading of the studies, i.e., the studies will be read from a certain theoretical perspective – accounting and performance auditing as *technologies of government* that enable “government at a distance” (Miller & Rose, 1990, p. 9). This, however, is merely one of many possible readings. I believe that there are as many interpretations of these papers as there are readers, and the reading I provide in this chapter is but one of many.

Naturally, these papers are no place for reflection about the process through which they came about. Therefore, in this chapter, I attempt to take the reader “behind the scenes” of the papers discussing what Goffman (1959/1990) refers to as the “back stage”. This exploration of the backstage is my way of communicating what I have done during my four years as a PhD-student and what this has led to, which of course also means that this exploration is an act in which I constitute my own performance. However, this is my attempt to provide information that the reader could not obtain by merely reading the papers and to involve the reader in the making of the papers. I will elaborate

on the methodological choices I have made, the consequences of these choices and the process of theorizing (the interplay between theory and empirics) I have invoked that have resulted in the four papers. My theoretical approach toward accounting, auditing and organizational performance has evolved during my PhD studies and the papers reveal this evolution. I will also introduce the reader to the development of performance management in the Swedish central government and the two case organizations, the Swedish National Audit Office (SNAO) and the Swedish Energy Agency (SEA). This is the empirical setting in which have spent the last four years studying organizational performance. However, let us first begin with an introduction of my aim with the thesis and the theoretical perspective of accounting and auditing as technologies of government.

Introduction of the aim of this thesis

A major recognition in accounting research from the last decades has been that accounting is not reflective but constitutive of social relations in organizations as well as society as a whole (see, e.g., Burchell et al., 1980; Hines, 1988; Hopwood, 1983; 1987). The thought behind this “constitutive turn” (Asdal, 2011, p. 1) in accounting studies is that accounting can shape how certain aspects in organizations are understood and what is regarded as significant in an organization. Accounting can be understood as a means to influence and intervene upon individuals, entities and processes to transform them to achieve specific ends. From this perspective, accounting cannot be regarded as a neutral device that documents and reports “the facts” of actions in organizations. Rather, accounting is seen as an asset of practices that is intrinsic to and constitutive of social relations and not derivative of and secondary to them (Miller, 1994). In this regard, the notion of visibility is central (Hopwood, 1987; Lukka, 1990). The standards set in accounting against which organizations – and individuals in organizations – report their actions are means to render the actions visible in a certain way. The standards con-

stitute fixed visibilities against which actors not only report what they do, but also compare and judge themselves (Miller, 1994; 2001; Roberts, 1991). Thus, the ways in which organizational actions are reported also have an effect on behaviors in organizations.

Power's (e.g., 1994; 1996; 1997) recognition that audit is a practice that actively shapes its environment by making auditees *auditable* is clearly in line with the constitutive view and has brought auditing into this scholarly debate. Power explains that the standards against which auditees' report their activity are emergent features of audit arrangements. Audits participate in making environments receptive to audit, which means that audits participate in creating the information they are to verify. From this perspective, accounting and auditing are closely related, and what is reported through accounting practices is, at least partly, driven by the audits. To put it simply, the audit drives the reporting and the reporting drives behavior.

The constitutive view of accounting and auditing has become well established in accounting research. However, in its early years, this view broke radically with the view of accounting and auditing as neutral disciplines for reflecting economic activities and providing useful information to interested parties in decision-making situations (Bay, 2012). In accounting studies where this perspective is applied, often referred to as "mainstream" accounting research (Chua, 1986, p. 606; Baxter & Chua, 2008, p. 102), accounting and auditing are viewed as something purely technical that mirror and verify reality rather than constitute it. Thus, the perspective that accounting and auditing are intrinsic to and constitutive of social relations was very different from "mainstream" accounting thought.

To view accounting and auditing as means of influencing ways of thinking and acting is also to recognize that these disciplines can be situated in wider

contexts outside the particular location in which the accounting/auditing practice is taking place. One stream of research in which the constitutive view has been influential is the one that views accounting and auditing as *technologies of government* that make government from spatial and temporal distances possible (Miller & Rose, 1990, Rose & Miller, 1992; Power, 1994). The idea here is that accounting and auditing generate a representation of “what is going on” in, for example, an organization. This makes local settings “mobile” in the sense that representations of them can travel to places where decisions are to be made about them, also understood as “centers of calculation” (Rose & Miller, 1992, p. 185; see also Latour, 1987). The term “center of calculation” refers to a standardizing subject that collects records and accounts to act on distance others. For example, if a central agency provides a performance report with written texts, numbers, charts, pictures, lists and so on, this report can then be used by its governing ministry (a center of calculation) to intervene in the agency’s conduct in different ways, such as through the reallocation of resources or new writings in the agency’s steering document. Thus, the representation also becomes a logic of intervention. In line with Hacking’s (1983, p. 31) statement that “we represent and we intervene. We represent in order to intervene, and we intervene in the light of representations” (p. 31), a performance report, generated through the practices of accounting or performance auditing, can be regarded as a means to act upon represented activity from spatial or temporal distances.

Based on this idea (as well as Foucault’s notion of governmentality), Miller & Rose (1990) and Rose & Miller (1992) have famously related accounting to political rationalities and political programs. Political rationalities can be understood as an intellectual labor that involves a certain form of thought, a certain way of thinking about the types of problems that can and should be addressed in society. In other words, political rationalities make reality “thinkable” and, in a certain way, apt to formulation, which, in turn, makes it

possible to formulate and identify issues in need for improvements. Miller & Rose (1990) and Rose & Miller (1992) specifically set out to understand the transformation in government often labeled as neo-liberalism or “advanced liberal forms of government” (Rose et al., 2006, p. 92), but this notion of political rationality can be applied to other political ideologies as well. Still, governance reforms and the increasing demand for organizational performance reporting is often associated with liberal forms of government in which notions of transparency and accountability through performance disclosure are central (Corvellec, 1995; Jang, 2006; Lapsley, 1996; Rose et al., 2006).

Miller & Rose (1990) explain that political ambitions “on their own” are rather vague. They concern general ideals and have to be connected to political programs that details how these political ambitions might be accomplished (see also Ogden, 1997; Radcliffe, 1998). Thus, while political rationalities formulate general ideal statements, programs set out the frameworks for action. A program can be understood as a certain rationale for how vague ideal ends are to be achieved.

Even though programs set out frameworks for action, they must still be connected to action. Here, Miller & Rose explain that technologies – such as accounting and performance auditing – play a central role. The term technology refers to mundane, seemingly innocent, neutral and regular features of accounting practice such as various types of notations, time-recordings, methods of standardization and classification, systems of data storage and audit procedures. It is through technologies that political and programmatic ambitions – in other words, the ambitions of “superiors” or “authorities” of some kind – are materialized and connected to everyday organizational conduct. Against authoritative criteria, technologies of government provide mobile traces (such as performance reports) that are stable enough to be trans-

ported from that being represented (e.g., a central agency) to a governing body (e.g., the government) without distortion (Rose & Miller, 1992). This enables centers of calculation to be formed that can act upon distant others, i.e., that being represented. As Miller explains, “whether it is a question of dominating a particular society or economy, or the earth or sky, the mode of operation is similar: domination involves the exercise of a form of mastery made possible by those at a center having a particular type of information about events and persons distant from them” (1994, p. 243; see also, Asdal, 2011). In other words, the program-technology divide is not only applicable to the governance of nation states or organizations in particular societal sectors, but also to large organizations regardless of the societal sectors in which they operate.

Miller & Rose (1990) explain that accounting transcends spatial and temporal distances by rendering organizational activity into a conceptual form, and several studies (e.g., Miller & O’Leary, 1987; Miller & Napier, 1993; Radcliffe, 1998; Rose, 1991; Rose & Miller, 1992; Samiolo, 2012) have shown that accounting and performance auditing are disciplines that create visible, manageable spaces through the use of generic accounting concepts, such as standard costing, efficiency (Miller & O’Leary, 1987) and value added (Miller & Napier, 1993). In particular, accounting *numbers* and the calculative practices involved in accounting have been regarded to possess an exceptional ability to enable government at a distance. The calculative practices of accounting possess the ability to make organizational conduct not only visible but also *calculable* and *comparable* (Miller, 2001; Robson, 1992; Rose & Miller, 1992). In this way, specific actions in specific places are made open for further calculations and the production of ratios, indices and rankings of various types through which intervention and action upon the represented actions is relatively easy.

This informative body of accounting research has shown how political rationalities and programs are manifested in accounting and auditing techniques and has highlighted the importance of these technologies in the wider context of political discourses. Still, the actual operationalization of such techniques in local organizational settings has been less explored. However, this is not the aim of these studies. Most of these studies are carried out on levels of analysis that might be referred to as “programmatic discourses” (Miller & O’Leary, 1987, p. 240) as opposed to understanding accounting and auditing as they are practiced in particular organizations. Rather than addressing the mundane techniques of notation and time-recording, methods of standardization and classification, systems of data storage and audit procedures “in the making”, these studies are concerned with discourses *over* these mundane technologies and how such discourses are manifested in accounting and auditing practices on a general, conceptual level.

However, this is not to say that these studies have “forgotten” to focus on local organizational settings. They are simply carried out on a different level of analysis and contribute by showing how accounting is a technology that is indeed connected to societal ambitions. Rather than focusing on the efforts carried by an organization to establish performance, the contribution from this stream of literature is supplying researchers with the analytical distinctions – still being crucially interdependent – between political rationalities, programs and technologies. Miller & O’Leary (1987, p. 240) explain that “there is, of course, a considerable play in the mechanism which links the programmatic level with the technological” (see also Samiolo, 2012), which means that there is no absolute fit between political and programmatic ambitions and the technologies of accounting and auditing that can be taken for granted. Nevertheless, Miller & O’Leary continue, “yet it is precisely the looseness of the linkage which makes it important to recall its existence” (1987, p. 240). In other words, it is precisely this looseness that makes us

perceive such technologies as “innocent” and “neutral”, rather than as means to achieve certain ends. However, in my view, the “loose fit” between policy, program and technologies merits attention. From this perspective, the relation between political ideals, programs and the information provided through technologies cannot be taken for granted, and the operationalization of technologies in local organizational settings should not be overlooked. To study how organizational actions and results of those actions are represented and rendered as “performance” in the practices of accounting and performance auditing, is to study what supposedly makes “government at a distance” possible.

In this thesis, I adhere to the constitutive view of accounting and the view of accounting and auditing as technologies of government. These are the perspectives through which I read the four case studies in this introduction chapter and the scholarly debate to which I attempt to contribute through this reading. However, the fact that I attempt to make contributions to this scholarly debate also means that I take a critical stance in some respects. When the operationalization of technologies and the creation of representations of organizational actions are left out of the analysis, the reader might be left with the impression that “performance” is something stable and unproblematic that can be understood by merely studying its relations to political discourses. However, as the papers in this thesis show, performance is far from a straight-forward concept, and by studying how it is constituted, i.e., how organizational actions and results of those actions are rendered as “performance” in a performance report, we can learn more about this phenomenon and also extend our knowledge of accounting and performance auditing as technologies of government. Miller (1994, p. 2) does acknowledge that when accounting concepts come into contact with “the specifics of concrete practices, they often operate in ways that are discrepant with their original de-

signs”. However, the forms that these “discrepant ways” might take are not explored.

As stated by Bay (2012), taking a critical stance on a certain stream of research does not strictly imply a dismissal or rejection of the ideas under scrutiny. The ambition of this thesis is much more modest than that. The aim of this thesis is *to problematize how and under what conditions performance is constituted in the practices of accounting and performance auditing.*

The Swedish central government – my empirical site for studying the constitution of performance

As mentioned above, the empirical studies on which this thesis is based were carried out in the SNAO and the SEA. Similarly to central governments in many other countries, the demand for information about “performance” has gradually increased in the Swedish central government. Two central technologies that are used to satisfy this demand are the central agencies’ annual performance reporting and the performance audit carried out by the SNAO. In this passage, I will first provide a brief historical view of the developments of performance management in Swedish central government. I will then continue with a description of recent developments in performance management (which are also addressed in papers three and four) and descriptions of the SNAO and the SEA where I studied the constitution of performance.

Development of performance management in the Swedish central government

The Swedish central government is relatively unique by international comparisons because it has a history of devolved responsibility for operating matters handled by central agencies with a considerable degree of autonomy. Ministerial intervention is forbidden by law, which means that direct politi-

cal control of agencies is limited. None are allowed to intervene and affect the conduct of a central agency in individual matters or in the agencies application of laws, not even the government as a collective (Ahlbäck-Öberg, 2011). Nevertheless, the development of performance management in the Swedish central government exhibit similarities with governance reforms reported from several other countries, commonly labeled new public management (Hood, 1991; 1995) in the public sector, taking shape under the rationality of the liberal art of government (Rose et al., 2006). Despite the relative autonomy of Swedish central agencies, the main argument for reform was the need to reduce detailed political control to remove constraints on managerial freedom in the central agencies (Modell, et al., 2007).

The Swedish central government applies a management philosophy commonly known as management by objectives. Using the terminology of Miller & Rose (1990), management by objectives can be regarded as a “program” in its own right, a framework for action within the central government for the realization of specific political and programmatic ambitions. It is basically “a way of governing through self-government” (Asdal, 2011, p. 4). Government is exercised indirectly (at a distance) by requiring that certain ends are achieved. The central agencies are in principle free to choose their own procedures to achieve the given ends. The basic idea behind this is that political activity and the activity of civil servants should be kept apart. Politicians should devote themselves to politics, which means that they should formulate goals, objectives and guidelines for their administration. Civil servants should devote themselves to administration; they are to decide what means to use to achieve the desired political goals. Therefore, politicians should, as far as possible, delegate decisions in both operational and administrative matters to the civil servants. In addition to the formulation of goals for all activities in central government, politicians should also devote resources connected to the goals (Sundström 2003; Ahlbäck-Öberg, 2011).

Similarly to many other countries, the focus of the Swedish central government on cost control and value for money has increased. Ahlbäck-Öberg (2011) suggests that the development of management by objectives was a result of an increased focus on value for money, and with the introduction of this management philosophy, the emphasis on ex post control increased. The introduction of management by objectives is commonly dated to the end of the 1980's (see, e.g., Modell et al. 2007; Mundebo 2008). Sundström (2003), however, argues that it can be traced back to the 1960's, when ideas about public management from the USA were introduced in the Swedish central government.

The development of management by objectives, a brief historical overview

The public sector in Sweden expanded rapidly during the 1950s and the 1960s which means that the number of employees and the costs in the public sector also increased during this period (Mundebo, 2008). Sundström (2003) explains that the costs for public administration and its efficiency were increasingly debated and the central government was criticized during the end of the 1950s and the beginning of the 1960s for inefficient use of tax money and lack of control of public sector activity. At that time, the central government was characterized by detailed-steering of the central agencies and relatively uncomplicated matters, such as the establishment of new departments at an agency or the movement of certain commissions or personnel from one department to another, had to involve both the government and the parliament. In short, the central agencies' authority to make decisions was delimited. This manner of managing the central government was debated and, during the 1950s became increasingly regarded as complicated and inefficient.

According to Sundström (2003), ideas of increased delegation of decision making started to take form during the 1960s. The government and parlia-

ment were to prioritize the formulation of goals for its administration, which would be achieved at reasonable costs. To achieve this, a systematic follow-up of costs and results was required. From the late 1960s onwards these management ideas were slowly implemented in the Swedish central government. During the 1970s and the 1980s “management by objectives” started to take form and by the end of the 1980s it was the official management philosophy of the central government. During this time, the focus on ex post control increased and the task of the agencies to account for their results as a basis for decisions in the government and in the parliament increased. In 1987, an annual performance report to the government became obligatory for all central agencies in addition to their annual financial statement. In 1991, this was replaced with a fully-fledged annual report that contained both the central agencies’ performance reportings and their annual financial statements. The main steering document was an annual appropriation letter, which consisted of two parts; one part being concerned with the budget and the other being the government’s statement of the agencies’ objectives and the agencies’ report requirements for their annual performance reports (Modell, 2006; Sundström, 2003). Hence, with the gradual establishment of management by objectives, the demand for performance information increased in the Swedish central government and accounting grew in importance as a technology of government.

The Establishment of the Swedish National Audit Office

In 2003, the SNAO was established with the task and authority to independently carry out both annual financial audits and recurrent performance audits in the Swedish central government. What I in this thesis refer to as a performance audit is a practice with many names. For example, it has also been called an efficiency audit, comprehensive audit, effectiveness audit, operational audit and value for money audit (Gendron et al., 2007).

The basic role of a performance audit is to scrutinize and provide information about public sector conduct, thereby enabling the accountability of public sector bodies for expenditures of public funds (Pollitt, et al., 1999). The establishment of the SNAO was the result of a merger between two predecessors: “Riksrevisionsverket” and “Riksdagens revisorer” (Bringselius, 2008). Before the merger, Sweden was one of a few Western democracies without independent state auditors reporting to parliament. “Riksdagens revisorer” consisted of elected politicians and had strong constitutional support, but limited resources. Riksrevisionsverket, by contrast, was an executive agency under the government and had more resources but weaker constitutional support. With the establishment of the SNAO, Sweden had a new, coherent audit office with strong constitutional support and a mandate for *independently* conducting performance auditing (Ahlbäck-Öberg, 2011).

The SNAO has the task of producing knowledge about performance in the Swedish central government and reporting this to the Swedish parliament. It also represents Sweden as a Supreme Audit Institution. The SNAO has no authority to carry out sanctions against the auditees; its task is merely to provide knowledge about the auditees’ performance. Thus, although the SNAO has no authority to carry out sanctions, its task is to make intervention and act upon the auditees possible through the performance reports it publishes.

Recent development of performance management in the Swedish central government

The management by objectives philosophy and the annual appropriation directives have been subject of debate within the central government. At the end of the 1990s there was increased interest in central government for information concerning “outcome”, i.e., the impact in society from central agencies’ activities. This interest was reflected in the annual appropriation

letters in which the outcome-related objectives and report requirement started to increase considerably in the late 1990s (Modell et al., 2007). However, as in many other countries (see, e.g., Smith, 1993), the compilation of outcome indicators proved to be challenging for the central agencies and several government agencies choose to replace quantifiable indicators of outcome achievement with broad, verbal descriptions of how operations have effected various stakeholders and society in general (Modell, et al., 2007; Modell, 2006).

One of the intentions with the management by objectives philosophy was to make performance management more long-term than before and decrease the degree of detail-steering. However, the amount of report requirements – regarding both operational matters as well as results in terms of outcome – in the annual appropriation letters have tended to increase, and concerns have been raised that management by objectives merely implies a new mean of detail-steering agency activities. The debate has also concerned the difficulties in connecting financial management and performance management in central government, i.e., difficulties of connecting costs to goal achievement (Statens offentliga utredningar, 2007:75; Sundström, 2003).

In 2006, the Swedish government requested an investigation, “Styrutredningen” (The performance management investigation), with the tasks of assessing performance management in the Swedish central government and providing proposals for improvements. Hence, the investigation could be regarded as a “revision of the program” management by objectives. In 2007 the investigation was completed and its final report, “Att styra staten – regeringens styrning av sin förvaltning” (To govern the state – the governments’ management of its administration) (Statens offentliga utredningar, 2007:75), was published. Here, I will briefly elaborate on the investigation. In papers three and four the investigation is described in more detail.

The investigation established that performance management in the Swedish central government had to change. Account for “outcome” on an annual basis was regarded as too difficult for the agencies; instead, they should provide accounts of how they conducted their assignments. According to the investigation, it is easier to *describe the activity* in the central government than it is to explain what caused a certain course of events in society. In Corvellec’s (1995) terms, the investigation suggested that the agencies should communicate their actions rather than the results of these actions. Furthermore, the investigation stated that the government needs “information with a reasonably firm character” (p. 230) to be able to govern and that statements about outcome achievement do not fall within this category of information. When the government receives the annual reports, it shall be able to “compile and analyze the information and establish if agency X works or not” (p. 230). Hence, the ability of the government to use the annual report to “govern at a distance” (Miller & Rose, 1990) should increase.

At the time, the agencies’ performance reportings were structured according to a certain “activity structure” with policy areas that were divided into activity areas that were again divided into activity branches (see paper three and four for examples of what this structure looked like). This structure was uniform for all central agencies. The performance management investigation, however, asserted that this structure was dysfunctional. The investigation stated that the activity structure was built on that assumption that there exists an “unbroken chain of end- and means relationships” (p. 255) where the general goals of policies are broken down step by step and transferred into steering signals for an agency, which is similarly implementable for all central agencies.

The investigation underscored that it did not wish to see a uniform management model for all central agencies. Performance reporting should instead be

adjusted to each agency's particular activity. The investigation established that the agencies are best suited to decide which information provides a "correct picture of their activity" (p. 249). The only common denominator in the agencies' performance reportings should be that the agencies should focus on their *outputs* and their relations to costs. Each agency should decide how to define its output, how to connect them to costs and how to present this in the annual report. The only recommendation given by the investigation was that output should reflect "activities of great significance in the agencies' activity" (p. 251). The activity structure and the part of the annual appropriation directives addressing the agencies' performance should be removed, and instead, the main steering documents should be the agencies' instructions. The instructions can be regarded as the agencies' *raison d'être* and are long-term steering documents with general statements of the agencies' missions and functions in society.

In 2009, new regulations based on the investigation came into effect for the central agencies' annual performance reportings. The new regulations are in line with the proposals made by the performance management investigation. The "performance part" in the annual appropriation letters is supposed to be removed. The main steering document is each agency's instruction. Each agency is now given the authority and responsibility to decide how to account for performance themselves with guidance from its instruction. The only restrictive element is that the agencies are required to account for their output in terms of volume and cost. It is up to the agencies to decide what their outputs are.

In summary, the performance management investigation can be regarded as a revision of the program management by objectives and an attempt to "bring it back" to its original philosophy of "governing through self-government" (Asdal, 2011, p. 4) and away from detail steering. The main

purposes of the new regulations are to make performance reporting easier for agencies and the annual report more useful for the government. The new regulations for performance reporting imply that each agency is faced with the conceptual demand of output and is to independently fill the concept with meaning. This means that agencies are given the task of independently defining their performances within the framework of their long-term steering documents. The main ambition behind the new regulations is that the performance reporting shall be conformed to each agency's particular activity. The two papers on performance reporting in the SEA address the agency's work to define and account for its outputs.

About the Swedish Energy Agency

The SEA was founded in 1998. It is the Swedish central government agency for national energy policy issues and has approximately 350 employees. The agency's mission is to facilitate the development of the energy system toward economic and ecological sustainability both in Sweden and at the global level. The activity of the SEA is diversified, and the agency operates in various sectors of society to create conditions for efficient and sustainable energy use and a cost-effective energy supply. The SEA is governed by the Ministry of Enterprise, Energy and Communications (MEEC) but also receives assignments from the Ministry of the Environment and the Ministry of Defense. In paper three and four the SEA is described in more detail.

My evolving research approach toward accounting, performance auditing and organizational performance

In the first paper of this thesis, a different approach toward empirics from the following three papers is used. In this and the next section of this introduction chapter, I will explain to the reader my evolving approach toward organizational performance, which will also explain why my approach changed during the research process.

Chua (1986) explains that a change in the approach to empirics gives rise to new purposes for theorizing and different problems to study. In this thesis, it is evident what kind of implications such a change has. In the beginning of my research, my approach to accounting, performance auditing and organizational performance corresponded to the ontological and epistemological assumptions normally ascribed to “mainstream” accounting research (Chua, 1986, p. 606; Baxter & Chua, 2008, p. 102). What characterizes this type of research is the assumption that the “truth” about the world can be found “out there” independently of human consciousness (Baxter & Chua, 2008; Chua, 1986; Lukka, 1990). This approach is closely connected to the distinction between subject (“the knower”) and object (“what is out there”), and knowledge is achieved when the subject correctly discover and reflects reality. When such an approach is applied, it is common that theoretical definitions and categorizations are established beforehand and that the information gathered at the empirical site is recounted in terms of these definitions (Chua, 1986; Ahrens & Chapman, 2006). The implications of such an approach is that accounting conceptualizations such as “input”, “output”, “efficiency” and indeed “performance” tend to be taken for granted and treated as existing “out there” to be discovered by the researcher. In the first study of performance auditing in this thesis (paper one), such an approach is applied. I will elaborate more on this study when I address the process of theorization (the interplay between theory and empirics) in the studies and their main findings and conclusions further below.

However, the PhD process involves constant reading and development and, at least in my case, is far from a straight-forward and linear journey. In my case, my approach to organizational performance changed fundamentally when I came across various social theoretical works categorizable under the broad label of social constructivism (e.g., Schutz, 1967; Berger & Luckman, 1966; Latour, 1987; Goffman, 1974). This caused my research work to take

a new direction. In my view, the main reason for applying a social constructivist perspective is the notion that to understand a social phenomenon such as organizational performance, one cannot take such a phenomenon as given. Rather, to develop our understanding of a phenomenon we have to study *how it has become* what it is currently taken to be. I interpreted this in my own research in the following way: to develop an understanding of the phenomenon of organizational performance in accounting and performance auditing practices, one has to focus the analysis on the constitution of performance in these practices. As suggested by Lukka, such an approach is useful because it “enables us to better understand the fundamental characteristics of the concepts accounting uses as their socially constructed nature is brought into focus of analysis” (1990, p. 245), which I have since attempted to do in my research work.

This meant that I started to view performance and its entailing concepts, such as “efficiency” and “output,” as intriguing objects of study, rather than analytical resources drawn upon to understand my empirical material. Rather than perceiving them as something that explained what I observed in the empirical field, I viewed them as concepts that needed to be explained. Hence, rather than establishing what performance is (or performance auditing in the first paper of this thesis), I became interested in how performance is constituted. Now I could no longer recount what I saw in the empirics and label it e.g., “efficiency” or “output”. Rather, my task was to organize my studies and my descriptions of what I observed in the empirics to explain what constitutes things regarded as “efficiency” or “output” (Ahrens & Chapman, 2006; Chua & Mahama, 2011). A consequence of this approach was that the seemingly mundane accounting techniques of notation, time-recording, methods of standardization and classification, systems of data storage and auditing procedures, i.e., “technologies of government” (Miller & Rose; 1990; Rose & Miller, 1992; Power, 1994; Radcliffe, 1998), became

intriguing objects of study because they transform everyday organizational conduct into “performance”. Because of this constructivist perspective, I started to engage in constitutive accounting research, which also led to the choice of binding the four papers together with the perspective of accounting and auditing as technologies of government. This perspective is also applied in paper three and in paper four in particular.

To say that performance is socially constructed is not to deny that there are “real” occurrences in organizations that exist regardless of our perceptions and representations of them (Berger & Luckman, 1966; Lukka, 1990). To view performance as a socially constructed representation is merely to suggest that what is understood as performance provides a certain representation of “what is going on” in organizations that could possibly have been different. Representation is an epistemological process, which means that it is constitutive of what we know and how we know it (Webb, 2009). When we represent something, we also create knowledge about that something in a certain way. Representation is made to happen by people in interaction with each other as well as with technologies of representation, such as accounting and performance auditing. If representation is used as a means for intervening upon that being represented, the representation is “real” in its consequences (Hines, 1988).

The process of theorizing – the interplay between theory and empirics

To realize that the phenomenon you study is a social construct that could possibly have been different is also to realize that the research you conduct is a social construct as well and that the knowledge that is produced in the research process could possibly have been different. As shown above, the choice of theoretical approach a researcher makes has a significant effect on how the studied phenomenon is understood and approached. The theoretical interest of a researcher guides her or him when gathering information, guides

the researcher in her or his understanding of “what is going on” at the empirical site and in uncovering what she or he regards as “interesting” and worth writing about. At the same time, empirics play a significant role in the researcher’s decision on what is “interesting” in the theoretical works she or he uses. What the researcher regards as interesting depends on what she or he expects to see, which depends on the pre-understanding the researcher has. This means that the researcher should “embrace the surprises”. When theory fails to explain something in the empirics, i.e., when the empirics contradict theoretical knowledge, theoretical contributions can be made.

To view the role of theory and empirics in this way blurs the distinction between theory and empirics. The implication of this is that theory and empirics are intertwined. The interplay between theory and empirics gives rise to problems to study, around which a researcher can organize her or his description of the empirics. This means that the knowledge about the constitution of performance created in this thesis is generated in an interaction process between the theories that has informed the studies, the information gathered at the empirical sites and the research problem, or, in other words, the process of theorizing (Ahrens & Chapman, 2006; Baxter & Chua, 1998; Chua & Mahama, 2011; Vaivio, 2008).

In my PhD education, I learned that it is possible to distinguish between “method-theories” and theories you engage with in order to contribute to them. Method-theories are used by researchers to understand and interpret what they encounter in the empirics, but they have no intention of contributing to these theories. In this thesis, two works in particular have been used as method theories: These are the micro-sociological works of Latour’s (1987) version of Actor Network Theory (ANT) in paper two and Goffman’s (1974) Frame analysis in paper four. Although these works differ in many respects – Latour, for example, would most likely not be comfortable being

labeled as a micro-sociologist (like Goffman) because he would not want to acknowledge the difference between macro and micro – they share an interest in social micro-processes and are therefore suitable when studying the constitution of performance. Both works are open to the possibility to include non-human entities in analyses. This has made it possible to see things, or “to make things visible”, in the empirics that would not have been possible without these theories. The advantages of using these theories will be further elaborated on below when I address the process of theorizing.

Research methods as “technologies of research”

Thus far, I have explained that the knowledge produced through a research process is the result of the interplay between the theoretical understanding of the researcher, the empirics and the research problem. However, for this interplay to occur, the researcher has to be connected to the empirics somehow. This connection is made through research methods. From the theoretical perspective used in this chapter, the methods can be regarded as “technologies of research” that connect the researcher and her or his theoretical understanding to empirics. Put simply, the methods enable the execution of research. The types of research and knowledge the methods enable are dependent upon the approach taken by the researcher and the interplay between theory and empirics. However, the methods also constitute limitations for the types of knowledge that can be produced. This means that the methods a researcher uses play a significant part in the creation of knowledge. Hence, in the process of theorizing, the methods play a central role.

The process of theorizing and the main results in the studies of performance audits

The process of theorizing in paper one

Before I became a PhD student I was a research assistant and participated in a research project on the SNAO's performance audits. The main objective of the project was to "illustrate and classify how performance audit is carried out in Sweden" (AES, 2008:1, p. 8). This study also resulted in a published paper that constitutes the first paper in this thesis. The empirical materials consist of the performance audit reports that are official documents published by the SNAO. The reports are the "end product" of a performance audit and primarily follow the structure of a "science report" (Baxter & Chua, 2008, p. 109). In the reports, the auditors state the background to the audit, the purpose of the audit and the questions the audit is supposed to answer. The auditors also elaborate on the audit process and the methods used. Then, the findings are presented, and the reports end with an analysis and conclusions.

In the first paper, I and my two co-authors classify all 150 performance audits carried out by the SNAO between 2003 and 2008. The classification is based on the definitions of performance auditing from the International Organization of Supreme Audit Institutions (INTOSAI) as well as findings in studies of performance auditing in other countries. One aim of the paper is to develop a way of classifying performance audits. Another aim is to explore what a performance audit is in a Swedish context. We develop a classification scheme consisting of eight audit types: economy audit, efficiency audit, effectiveness audit, system audit, administration audit, goal-related audit, policy audit and empirically grounded audit. The different types are also combined with compliance audits.

Thus, our method was to study the audit reports. This paper does not investigate the conflicts, tensions and the ordeals of the constituting process (as papers three and four do). Rather, we establish categories for how performance is presented by the SNAO. One advantage of this method was that we could take on all the audits carried out by the SNAO. As stressed by Gendron et al. (2001), performance audit reports provide a relatively high level of information on the nature of audit work compared to the audit reports of private sector auditors. However, what researchers observe in the reports is dependent on the perspective taken. I will elaborate more on this below.

The classification scheme allowed us to draw lines that separated the different audits from one another. For a report to be classified as an “economy audit” for example, we followed the generic definitions of such audits formulated by the INTOSAI (2004) among others. Thus, such an audit had to be concerned with the following: “the means chosen or the equipment obtained – the inputs – represent the most economical use of public funds” (INTOSAI, 2004, p. 15). Another category was “efficiency audit”, which postulated that the audit had to be concerned with whether “we are getting the most output – in terms of quantity and quality – from our inputs and actions” (ibid). See paper one for how we determined the different audit types and created the classification. In this paper, we also use the input-outcome model to illustrate the three Es. I will come back to this model when I address paper three below.

The type of research approach applied in this first study of performance audits can be viewed as “illustrative in the sense of providing a Weberian “ideal-type”” (Scapens, 2004, p. 259; see also Weber, 1978). An ideal model is applied beforehand, and the empirics are viewed through the lens of that model. Similarly to other “mainstream” (Chua, 1986, p. 606) studies of accounting, we do not problematize the concepts we use in our classification,

such as “efficiency” and “effectiveness”. Rather, we define the concepts beforehand and interpret what is written in the audit reports on the basis of these definitions. The concepts help us establish the boundaries between the performance audits and classify them according to the concepts. The audits that do not fit our classification are labelled as empirically grounded audit. These audits are concerned with adherence to legislation, rules and policies with respect to governmental surveillance, entertainment expenses or external reporting; hence, we suggest that these audits have an orientation towards “compliance”.

Main results in paper one – the constitution of performance in performance audit

What does this paper say about how performance is constituted in performance audit? We can see that there is an understanding of performance in prescriptive performance auditing literature that is expressed in terms of economy, efficiency and effectiveness, or the “three Es”. Although the INTOSAI emphasizes audits of the three Es in their performance audit guidelines, a minority of the performance audits are classified as such. A majority of the audits are classified as “extended” audit types, most of which were “system audits” (focusing on control/supporting systems), “administration audits” (focusing on administrative activities including the reporting between parliament, government and central agencies) or “goal related audits” (focusing on the goals that have been formulated or whether goal formulations are clear, unambiguous or contradictory at different levels in an organization) in combination with different levels of compliance audits. The findings in this paper indicate that when performance auditors constitute performance, performance is a concept that refers to many aspects of organizational life. Performance is a multifaceted phenomenon.

From the theoretical perspective of accounting and auditing as technologies of government, another reflection can be made about this study. The classification work we did was also an act of measuring and providing an account of the performance of the SNAO's performance audit. When we classified the SNAO's performance audit activity and presented it in terms of eight categories, we also made it visible, calculable and comparable (Miller, 2001). We rendered the conduct of the SNAO into a conceptual form (Miller & Rose, 1990) and hence made action from a spatial and/or temporal distance possible. Our classification made it possible to "act-upon" the performance audits of the SNAO.

This became evident when the report (AES, 2008:1) that preceded the first research paper in this thesis was published. In 2009, a parliamentary investigation of the state audit reform (the reform that involved the establishment of the SNAO) presented their final report (Slutbetänkande av Riksrevision-sutredningen, 2009) (Final report of the National audit investigation). Among other things, the investigation assessed the performance audits conducted by the SNAO. The investigation refers to our report (p. 38–45) and suggests that the SNAO should focus more on economy, efficiency and effectiveness audits. Thus, our report made it relatively easy to act upon the SNAO. Our classification made it possible to talk about a rather complex reality in terms of *less* or *more* generic conceptualizations rather than entities of a unique kind (see Espeland & Stevens, 1998). This, in turn, made it easy to provide suggestions for improvements. To improve its performance, the SNAO should provide *more* audits of the three Es.

This example corresponds to the view of social construction in constitutive accounting research, well expressed by Hines: "if men define things as real, they are real in their consequences" (1988, p. 257). Our report communicated reality and was acted upon; therefore, it may also have played a part in

changing reality. The classification, however, not only made it possible for the audit reform investigation to act upon the SNAO. It also made it possible for me and two colleagues to do so, which gave rise to the second paper about performance audits.

The process of theorizing in paper two

After the first paper was written, we continued to classify the audits executed in 2009 and 2010 in the same way. The audits from these years exhibit a similar pattern to the one we observed in the first paper. That is, a minority of the reports were classified as audits of the three Es, and a majority were classified as system audits, administration audits or goal related audits (hence, according to our classification our report may not have changed reality after all). In the second paper on performance audits, we draw on this classification, but we re-read the audits classified as economy, efficiency and effectiveness using a constructivist approach. Before I go into the details on how we did this, I will first elaborate on why we did this, i.e., how we found out what was interesting in the empirics we had, the focus of the second paper.

Our point of departure in this paper is that the SNAO – as an independent actor with the task of auditing performance in central government – is an actor that is supposed to provide an answer to the following question: “what is good public sector performance?” As we observed in our first study, when the SNAO constitute performance in their performance audits, performance is a concept that refers to many different aspects of organizational life. Performance is a multifaceted concept and it is possible to disagree about what “good” performance is (see paper two). Nevertheless, as mentioned, prescriptive texts from the INTOSAI (2004) suggest that there are commonalities between the auditees that make the execution of audits of

“economy”, “efficiency” and “effectiveness” which have also been referred to as audits of “substance”, possible (see paper two).

The results of our classification, i.e., that a minority of the reports were classified as audit of the three Es and the majority as system audits, administration audits or goal related audits, corresponds to findings made by other researchers. Several studies have shown that performance auditors tend to execute audits of “systems” rather than audits of “substance” (see paper two). Although we distinguish between a “system audit”, “administration audit” and “goal related audit” in our classification, all these can be understood as “system audits” in this broader sense.

Power (1997) explains this with the notion that audits of systems make performance audits possible, because systems constitute “an auditable surface” of organizations in which criteria for the audits are easily found. When clear audit criteria are lacking, the auditors are left with the challenge of operationalizing performance themselves. However, audits of systems have been subject to critique for not generating information about whether political ambitions and political programs have been achieved or how they have worked (Everett, 2003; Reichborn-Kjennerud & Johnsen, 2011). Similar to the parliamentary investigation of the Swedish state audit reform (Slutbetänkande av Riksrevisionsutredningen, 2009), calls have been made by researchers for a shift in the focus toward audits of “substance” (paper two).

Against this background, what was interesting in our empirical material was not that a minority of the performance audits were classified as the three Es, because this is what you would expect. Rather, what was interesting was that the auditors, according to our classification, actually *do* audits of the three Es, i.e., audit of “substance”. Consequently, paper two aims to further our

understanding of performance audit by detailing the ways in which performance in terms of the three Es is stabilized so that an auditor can reach judgments and provide opinions about “good” (or poor) performance.

In the second paper we still utilize a document study, but we approach the reports in a different way. In the second study, we single out the reports classified as economy, efficiency and effectiveness. What interests us is how the auditors manage to establish whether the audited activity is, for example, efficient or not. That is, instead of asking: “does the SNAO do efficiency audit?” as we do in paper one, we ask “how does the SNAO go about to establish if an activity is efficient or not?” (Ahrens & Chapman, 2006, p. 831).

Schwartz suggests that the reports – the end product of the audit process – show what performance auditors are “actually doing” (1999, p 513) under the guise of performance audits. This statement is of course arguable precisely because the reports constitute the “end product” or “front stage” (Goffman, 1959/1990) of the audit process. It is not possible to have an opinion about the correspondence between what is going on “back stage” and how this is represented in the reports by merely reading the reports, which illustrates the limits of this research method. However, this method does provide the researcher with the opportunity to elaborate on how the auditors *chose to represent* what they do and how they formulated their arguments on, for example, efficiency.

When reading the reports, we found that in the process in which performance in terms of the three Es is stabilized, the auditors refer to, or make use of, a vast amount of various entities, such as statements from the parliament or government, laws, established evaluations methods, experts of various kinds and benchmarks (see paper two). It is rare that the auditors express opinions

in terms of good or poor performance based merely on their own judgments without referring to entities outside themselves. To be able to elaborate on this in the paper, we decided to borrow ideas from Latour's (1987) version of Actor Network Theory (ANT) (see paper two for a more detailed description of ANT). The perspective of ANT allowed us to view the SNAO as an actor that in order to become "important" in the governance of Sweden, has to mobilize other actors to strengthen its claims of good or poor performance. As mentioned, ANT opens the possibility to include non-human actors in the analyses. Therefore, the various entities (e.g., statements from government, established evaluation methods, experts) that performance auditors refer to in the audit reports, can be viewed as actors mobilized by the auditors to strengthen their claims of good or poor performance.

ANT made us realize that the strongest actor and most important ally of the SNAO was the verbal invention of "independence" and that this actor was relevant to our analysis. The linguistic actor of independence makes the SNAO a "Mr. Somebody" (see paper two), i.e., an important actor in the governance of Sweden. Consequently, in addition to reading the performance audit reports, we started to study how the SNAO protects the ideal of independence by examining, e.g., its website and its annual reports.

In summary, the process of theorizing in this paper was a back-and-forth process between the theories we were informed by and the empirical materials we had. The research problem and aim emanated from the interesting finding in paper one that the SNAO actually does carry out audits of the three Es. The realization that the auditors use various entities, or actors, to reach judgments made us choose ANT as a theoretical tool in the paper. This led to the notion of the SNAO as an actor in need of mobilizing actors to strengthen its argument, which was in line with the research method we applied. What we could see in the reports was how the auditors chose to bring

their arguments forward. ANT also allowed us to see independence as a crucial actor for the auditors that needed to be included in our analysis. In this way, we established a “fit” (Ahrens & Chapman, 2006, 826–827) between theory, method, empirical material and research problem that resulted in the second paper of this thesis.

Main results in paper two – the constitution of performance in performance audit

Paper two suggests that although the SNAO presents itself as a “center of calculation” (Rose & Miller, 1992, p. 185), i.e., a standardizing body, and the auditors through its linguistic “ally” of independence have the mandate to establish performance criteria and constitute performance without referring to anything but themselves, the auditors recurrently bring in allies in the audit reports to reach judgments. In rare cases, auditors provide judgments without referring to anything but themselves, and in some cases, the auditors explain that they cannot reach a judgment due to the lack of supporting actors, such as benchmarks. When allies are lacking, the auditors seem to be reluctant to providing opinions of performance in terms of the three Es.

Informed by Latour’s (1987) version of ANT and Power (1996; 1997), we suggest that if the SNAO provides an opinion without a network of allies, it will take on a particular translation of efficiency for example. Such a definition would then make the auditors dependent on that particular idea and, if Power (1996; 1997) is right, affect the way the auditee organizes around the evidence of that particular interpretation. In other words, the auditee would start to *make itself auditable* according to that particular interpretation of performance, which would affect the auditees’ actions. Independence, then, means to avoid being dependent on a particular idea of performance. By mobilizing allies, the SNAO manages to balance between making judgments of “good” or “poor” performance in terms of the three Es and, at the same

time, protecting the ideal of independence. This, we argue, may also be an explanation to the focus on “system audits” in performance audits.

What does this paper say about the constitution of performance in performance audit? First the paper demonstrates that what constitutes “good” performance in performance audits is far from obvious and straight forward. As we can see in paper two, audits of “substance” require the mobilization of actors to be able to make judgments and present opinions and, at the same time, protect the ideal of independence. System audits, by contrast, are audits in which there exists an implicit or explicit standard for “good management practice” that may be transported and compared over different types of services supplied by the organization or between different organizations (see paper two). Indeed, as Power (1997) suggests, this makes an audit easier to carry out because auditors otherwise have to face the challenge of establishing criteria themselves. One conclusion that can be drawn from this is that for performance to be constituted in performance audit, criteria have to be determined against which an auditee’s actions and the results of these actions can be judged. As also seen in paper three, performance is difficult to constitute without pre-established standards.

Paper two also suggests that pre-established standards, such as general standards for “good management practice”, not only make it easier for auditors to know what “good” performance is, but also make it relatively easy to protect the ideal of independence. The constitution of performance in performance audits does not only depend on the establishment of performance criteria, but also on the linguistic actor of “independence”.

The process of theorizing and the main results in studies of performance reporting

During my time as a PhD student I was connected to a research program examining the development of performance management practices in the Swedish central government. This research program is called “Akademien för ekonomistyrning i staten” (the Academy for Performance Management in Central Government) (AES) and is based on networking between government officials and a large number of government agencies. One of the participating agencies is the Swedish Energy Agency (SEA). When I started as a PhD student, the AES had received a commission from the SEA to develop a model for management and reporting of “outcomes” in society. As a PhD student, I was a part of this project. When I came in touch with the SEA and started to visit them, the agency had just started to define “output” because of the new regulations for central agency performance reporting that came into effect in 2009. Because the agency had just started to define output and this was regarded as important, we agreed that the research project of which I was a part would focus on the agency’s work of defining output, which, as it turned out, also has implications for the agency’s reporting of “outcome” (see paper three and paper four).

Once I began my empirical work in the SEA I started to apply a constructivist approach towards the phenomena of organizational performance. For this reason, the task of defining output in the SEA immediately caught my attention. I was to carry out a study in an organization that was focused on defining its own performance! Who would not be excited? Both paper three and paper four are based on this case. Paper four reports on the case until 2011 whereas paper three reports on the case until mid-2012.

The collection of empirical material

In this study, I needed access to the process of defining output but was not allowed to be stationed at the agency, which excluded the possibility of participant observation (see, e.g., Silverman, 2011). Instead, I decided that my best option for obtaining access to the work of defining output was to conduct interviews with the civil servants involved in the process. I began by interviewing one of my contact persons at the agency, who was also working with defining output. During this initial interview, the respondent suggested other civil servants suitable for interviews, and this continued process yielded additional information (see Ahrens & Chapman, 2006). I came into contact with most of my respondents through suggestions from other respondents. All respondents were involved in defining output. My interviews were semi-structured (see, e.g., Horton et al., 2004) meaning that I had prepared broad, open-ended questions that were guided by my theoretical approach. For example, I asked my respondents to describe the process of defining output, the ways in which they were involved in defining output, the discussions they had about output and whether an activity was easier or more difficult to define in terms of output. I sought answers to the following questions: How did they know what actions to represent and thereby regard as “performance”? How did they establish their performance?

As previously mentioned, one criterion for selecting respondents was the requirement that the respondents must be involved in defining output. Another criterion was that the group of respondents must represent all departments at the agency, as I wanted to know if any particular activity was easier or more difficult than another to define as output. Therefore, some respondents were chosen because they represented a department that I had not previously covered. During the case study period between 2009 and 2012 I made 21 interviews with 16 civil servants at the SEA and three interviews with three civil servants at the Ministry of Enterprise, Energy and Communica-

tions (MEEC), SEA's governing ministry. I chose the respondents from MEEC because of their perspective on SEA's activity and the work of defining output, noting that the MEEC received SEA's annual report. The interview time ranged from 60 to 90 minutes.

The interviews followed a relatively strict procedure. In all interviews, I presented myself as a PhD student from Stockholm University who was analyzing the process of defining output in the SEA. I also explained that this work was part of my doctoral dissertation and would result in research articles. To make the interview as non-intimidating as possible and to encourage my respondents to be as open as possible, I ensured confidentiality in both the report and my academic papers (Horton et al., 2004). With the respondents' permission, all interviews were digitally recorded. In addition to the recordings, I took notes to ensure that I would not forget any idea during the interview. At the end of the interviews, I asked if I could contact the respondents if I had further questions. Overall, the interviews were carried out in a setting that may be regarded as typical. Equipped with my digital recorder and my notebook, I interviewed the respondents in a room of their choice at their place of work.

In addition to the interviews, I held several "informal" discussions with my respondents. These informal discussions occurred at the coffee machine before or after the interviews, during lunch or during coffee breaks at AES meetings, when I had the opportunity to engage in discussions with civil servants from the SEA and the Swedish National Financial Management Authority (SNFMA). The SNFMA, a central government agency with expertise in performance management, is responsible for the accounting practices in central government. I discovered that the SNFMA plays a central role in the SEA's work of defining output. In these informal conversations, I typically took notes after the discussions.

Although gaining access to the respondents did not pose a problem, finding convenient times for interviews required some effort. Once I met the respondents, however, they appeared to give me their full attention, for which I am grateful and which I do not take for granted (see, e.g., Hayes & Mattimoe, 2004). At the SEA, I also observed that the interviewees were more than willing to discuss the process of defining outputs. This willingness may have occurred because I was working on a research project funded by the agency and in a subject area about which the respondents were concerned, i.e., the agency's performance reporting. I came prepared for the interviews with knowledge of each interviewee's activity, which may also have played a role (Bryman, 2011; Hayes & Mattimoe, 2004). I prepared by reading the agency's annual reports and other documents on the agency's homepage, as well as internal documents given to me during the interviews.

The respondents did not appear to be uncomfortable or intimidated by the recording of the interviews. Rather, the respondents were surprisingly outspoken and open about the difficulties they faced. Again, this level of comfort might be explained by the fact that I was working with an agency-funded project. The process of defining output was challenging for the agency, prompting discussions that were sometimes fraught with conflict. Some respondents were critical about the entire idea of output, whereas others regarded the process as healthy because the civil servants had to reflect on "what they actually do", as formulated by one of the respondents.

As previously mentioned, the empirical work is also theoretical (Ahrens & Chapman, 2006; Chua & Mahama, 2011), which became evident during the interviews. During the interviews, I took notes when I formed ideas using my theoretical knowledge as background. The notes could concern papers I had to re-read such as "read Roberts 1991 again" or "compare instrumental rationality, Townley et al. " (see paper three) but also included comparisons

with statements from other respondents. Although the interviews are guided by the researcher and her or his theoretical knowledge (Ahrens & Chapman, 2006), I learned that the respondents' answers also affect how the interviewer reads and understands other research studies. Based on the knowledge obtained in the empirical work, researchers tend to observe new interesting items in other studies. The empirical work demonstrates constant movement between the local and the general and vice versa (Baxter & Chua, 1998).

In methods courses taken as part of my PhD studies, I was given the advice to ask follow-up questions when conducting interviews, requesting that respondents explain, expand or provide details about what they had previously said (see also Bryman, 2011). I found this advice to be useful. Marginson (2004) explains that by asking follow-up questions, the researcher is in a better position to avoid "demand effects" (p. 330) that may occur when the respondent acts in a way that she or he believes will help the researcher or to avoid "expectancy effects" (ibid) that may occur when the information gathered is governed by the researcher's expectations. Indeed, the most surprising and consequently interesting issues that I encountered were generated by asking follow-up questions. For example, some respondents expressed frustration about an activity that was not included in the definitions of output. When asking why this was important, I received answers such as "their work did not show", "their funding might end," or "the government did not get the information it needed" (see paper three). The civil servants' desire to appear in the annual report surprised me, because several accounting studies suggest, to the contrary, that organizational actors tend to avoid or manipulate such visibility. The interplay between theory and empirics occurred during the interviews, not merely before and after (Hayes & Mattimoe, 2004; Marginson, 2004).

To apply the tactics described above, the researcher must continuously adapt to the respondents' answers, a demanding task because follow-up questions often lead the interview in unexpected directions. In my view, this phenomenon is a major strength of this method if the researcher is able to focus the discussion around the main area of interest, which in my case was the SEA's definition of outputs. However, it is not always easy to be present but distant (Baxter & Chua, 1998), i.e., to be present in sight and yet still relate what is encountered to theoretical knowledge by asking the "right" follow-up questions on the spot. Similar to Marginson (2004), on several occasions I came to the frustrating realization that I should have asked questions that I did not. In those cases, it was useful to be able to return to the interviewees through e-mail or telephone and ask those questions.

The questions I asked during the interviews developed somewhat during the study; in particular, new questions were added to the original questions as the process of defining output evolved. When the first list of "output categories" was published in the 2009 annual report for example (see paper three and paper four), the list prompted frustration among the civil servants and consequently became a topic in future interviews.

In addition to the interviews, the informal conversations, the document studies and the conversations by telephone and e-mail, I also participated in four meetings held at the SEA in 2010 to develop the definition of output. Civil servants from the different departments attended the meetings. At the beginning of each meeting, I introduced myself and explained my project, asking for permission to record the discussions and ensuring confidentiality. I recorded each meeting and took notes. During the meetings, I was an observer and did not participate in the discussions. The meetings lasted for approximately 60 to 90 minutes.

As previously mentioned, all research methods have limitations. The main body of my empirical material comprises interviews. In addition to the “demand effects” and “expectancy effects” (Marginson, 2004, p. 330) discussed above, the interview setting can be intimidating for various reasons, and the interviewee may be reluctant to bring certain issues to the “front stage” (Goffman, 1959/1990). The use of different methods is assumed to enable the researcher to reveal possible contradictions between what is being said and what is being done (Silverman, 2011). If the respondents are intimidated by the interview setting, making them reluctant to answer some of the questions for example, contradictions may be found among the interviews, the informal discussions and the observations (Horton et al., 2004; Vaivio, 2008). Although I did not observe any such contradictions in this study, there were instances when the document studies and meetings clarified information that I had not understood solely using the interviews. For example, reading an internal document helped me to realize the impact of the input-outcome model (see paper three and paper four) that I did not appreciate in the interviews. The impact of this model was also revealed in discussions during the meetings that I attended. The meetings provided valuable additional knowledge about the challenges that the civil servants faced in defining output. In paper three and paper four, I provide quotes from these discussions.

The termination of the field study

In addition to choosing the study’s methods and respondents, researchers face additional choices when conducting a case study. One such choice is when to stop collecting data. How do you know when you have enough material? This ending can be a difficult decision to make because the researcher can often find new interesting aspects in the empirical field (Marginson, 2004). Researchers who use semi-structured open ended interviews and repeatedly receive the same answers over and over again can develop new

questions. In turn, these new questions may lead to new interesting answers, which may lead to new questions to ask and new ways of reading accounting studies, implying that a study could conceivably go on forever. Researchers must identify an appropriate motivation to end a study.

A methods teacher advised that “you stop when you feel that you can make theoretical contributions”. This statement is in line with what Ahrens & Chapman (2006, p. 826–827) refer to as the “fit” between theory, method, research problems and the empirical site briefly elaborated on in the discussion of paper two above. The choices of empirical sites, methodologies, and theories define a qualitative study, but a “good” study does not merely result from those choices. Rather, the end result depends on the interplay between theory, empirics and research problem, i.e., the process of theorizing.

In 2009 and 2010, the work of defining output in the SEA was the most intense, and it was during this period that I conducted most of the interviews. In the end of 2010, the work and discussions about output calmed down significantly, because the civil servants had found a solution on how to represent their work in the annual report. At the same time, based on my empirical material after 2010, theoretical knowledge and comments from peers, I believed that I had something to “say” in the scholarly accounting debate and could make theoretical contributions. I believed that it was possible for me to achieve the “fit” (Ahrens & Chapman, 2006), and I made the judgment that my material was “rich” in the sense that I was able to provide a detailed description of a particular case of the constitution of performance (Ahrens & Dent, 1998).

Thus, during 2011 I reduced my presence at the SEA and devoted more time to writing and analyzing the empirical material I had obtained. I continued to follow the process, carrying out the last interview in the end of 2011. In the

last interviews, I also experienced “saturation” (Baxter & Chua, 1998); in other words I began to receive repeated answers to my questions. In 2012, the SNFMA scrutinized the central agencies’ annual reports as a follow-up to the new regulations for the agencies’ performance reporting, and this report was published in the first half of 2012 (see paper three). I decided that this was an appropriate point to draw the line for the gathering of empirical material for this thesis.

The process of theorizing in paper three

Through the process of theorizing I have discussed above, three themes have evolved, which I address in the third paper of this thesis. First, when I realized that the civil servants struggled to define outputs, this finding surprised me. Although much of the accounting literature views “outcome” as highly problematic, the concept of output is regarded as easier to account for. As mentioned above (see also paper three), this result also proved to be the case in the Swedish central government. Thus, the concept of “output” seems to be taken for granted, whereas the situation in the SEA indicated something different. The second interesting issue was the civil servants’ eagerness to be made visible, which contradicts the common notion of visibility in accounting literature. The third issue was that the civil servants were given the task of defining their performances themselves, without any clear standard for performance reporting provided by the government.

Main results in paper three – the constitution of performance in accounting

The initial definition of output in the SEA was “output is everything on which the agency devotes time and resources”. Given that this definition would include everything the agency does, the civil servants quickly realized that they must delimit the definition to be able to represent their activity in the annual report. This task became challenging for the civil servants, and they reached a point at which they realized they could not agree on a defini-

tion. The civil servants consulted the accounting expert in the Swedish central government, the SNFMA. The SNFMA provided its definition of output, embedded in the input-outcome model (see paper three).

The intervention of the SNFMA led to the notion in SEA that their activity needed to be quantified and the SEA began to define output on the basis of the definition of output provided by the SNFMA. Based on this definition, the SEA defined its output as everything the agency does that results in visible objects. The result was a representation of SEA's activity that excluded activities perceived as important both by the agency's governing ministry and the agency itself. However, because of the civil servants' eagerness to make the activity visible in the annual report, this activity was represented with extensive narrative statements in addition to the agency's "outputs". Although the civil servants realized that the applied definition of output did not work very well, they were not able to extend the definition because of the definition provided by the SNFMA and the input-outcome logic. One reason why it was important to uphold the definition was that otherwise, the civil servants would end up in the initial situation in which they did not have any definition of output at all. Another reason was the fear of negative feedback from the financial auditors, who audit the performance reporting against the SNFMA guidelines.

The process of defining output in the SEA has been rather difficult for the civil servants and sometimes characterized by conflict. Conflicts have arisen on how to define the outputs and the invisibilities created by the applied definition. The labels used in the classification work caused additional frustration.

In 2012, the SNFMA published a follow-up report on the central agencies' work to define output (Ekonomistyrningsverket, 2012:27). Similar to the

SEA, the SNFMA states that several agencies have had problems defining output and that the results have not been useful to the agencies' governing ministries. The SNFMA states that the difficulties have been caused by an aggravated interpretation of the new regulations, which has led a struggle by agencies to produce numerical representations of their actions. However, the SNFMA states that nothing in the regulations prevents the agencies from reporting broad output categories with narrative statements that are not quantified. The SNFMA also suggests that if the difficulties continue, the concept of output will be replaced by the term "result" to make the regulations neutral with respect to accounting concepts. The SNFMA also plans to carry out network gatherings and meetings with the central agencies to develop the "frame of interpretation" of the new regulations.

Therefore, what does this paper tell us about the constitution of performance in accounting? As mentioned, the performance management investigation that preceded the new regulations for the central agencies' performance reporting stated that it is easier for the agencies to *describe their activity*, which would generate information with a "reasonably firm character". However, this paper demonstrates that without pre-established performance standards, it can be rather difficult for an organization to describe and represent its actions. Without criteria or standards to judge organizational activity, performance becomes difficult to constitute (compare paper two).

As mentioned in the SNFMA report, the difficulties of defining output in the SEA have indeed been connected to the challenge of representing activity with numbers. However, the initial challenge was not to quantify the activity, but rather to decide what to include in the annual report. Because of these difficulties, the agency contacted the SNFMA, which in turn led to a quantification of the activity. The findings in paper three suggest that for an organization to represent its actions, a distance must be established from the ac-

tions. To represent organizational actions is to create an “abstract space” that can travel to places where decisions are to be made about these actions (Asdal, 2011). When this space is established, a distance is also created from that which is represented (Espeland, 1998; Samiolo, 2012). Without a pre-established performance standard, this task becomes difficult; in the case of the SEA, the standard had to come from the SNFMA. This scenario in turn led to a rationalization of the agency’s activity (the input-outcome model) commonly used in “management by accounting” (McSweeney, 1994, p. 237). This paradigm is also the rationale in which the concept of “output” is normally embedded in accounting. The paper shows that the concept of output is not a neutral or unproblematic concept, a finding that the SNFMA also seems to have realized. Rather, in accounting, the concept is embedded in a specific rationale that affects how “performance” is understood. Thanks to the eagerness of the civil servants to be made visible, the “outputs” were complemented with extensive narrative statements, and the agency’s governing ministry received the information that it required.

Overall, the paper demonstrates that constituting performance is far from a straight-forward process, and that this undertaking can be a rather painful endeavor for an organization. The process of constituting performance can be understood as one that is sensitive to factors such as the establishment of a distance from represented actions, to the fear of the auditors, to the concepts and labels mobilized in the process of representation, to the represented parties’ reactions to the labels and to being made visible in the annual report.

The process of theorizing in paper four

When I began my case study at the SEA, my intention was to write one paper about the case. However, during the process of analyzing my empirical material, I realized that I encountered too many interesting issues to fit in

one paper. Apart from the absence of a pre-established standard, the concept of output and the notion of visibility, another aspect of this case was relevant to write about: the production of accounting *numbers*.

As mentioned in the beginning of this chapter, in constitutive accounting literature, the calculative practices of accounting and accounting numbers are regarded as having the ability to render complex organizational activities visible, calculative, and comparable, and are thereby regarded as possessing an extraordinary ability to enable “government at a distance”. Miller (2001) also explains that accounting has the ability to transform complex social processes into *one single financial figure*. However, how is such a figure arrived at? Paper four attempts to answer this question. Although it may not have been the intention of the new Swedish regulations for the central agencies’ performance reporting, the work of defining output in the SEA resulted in one single financial figure of outputs connected to the costs of those outputs. When I noted this finding, I understood that this case was suitable for analyzing the process of representing organizational actions with accounting numbers.

To elaborate on this process, I use Goffman’s (1974) frame analysis. Put simply, this work addresses how humans make sense of “what is going on” around them through social interaction (for a more detailed description of Goffman’s frame analysis, see paper four). One central concern in this work is how something can be understood in one way in a certain social setting yet seen as something completely different in another social setting, and how such a “transformation in frame” is made possible. In my interpretation of Goffman’s frame analysis in my own research, a transformation in frame takes place when a performance report is written. Actions understood in one way in everyday organizational conduct are framed as “performance” in a performance report. In paper four, I examine how this transformation in

frame is made possible when organizational activity is represented with accounting numbers. Goffman refers to this transformation in frame as “keying”, and the entities that make the keying possible are referred to as “cues”.

Informed by Goffman’s work, I noted that to produce numbers open for calculations by others, the everyday activity of the SEA first had to be keyed into quanta. The “cues” that made this keying possible were visible objects. This new way of framing the SEA’s activity (consisting of visible objects) did not suffice, however. The quanta needed to be sorted according to generic concepts. Because of this realization, the frame that consisted of all types of visible objects had to be keyed again, and this time the cues were found in the agency’s instruction. On the basis of the visible objects and the text in the instruction, the civil servants were able to represent their activity with *one single financial figure* of output. After making this finding, I was engaging in literature addressing quantification with this perspective in mind.

Like paper two and paper three, this study involved a process of shifting back and forth between theory and empirics. What gave rise to the study was my notion that constitutive accounting theory tends to neglect the actual *production* of accounting numbers. When studying how the agency presented its outputs, I realized that the process of defining output resulted in a single financial figure. Thus, here I had a case in which I could study accounting numbers “in the making”. Informed by Goffman’s research, I was able to understand this process in a certain way, and based on this understanding, I engaged in the studies of quantification.

Main results of paper four – the constitution of performance in accounting

The paper demonstrates that when performance is constituted with accounting numbers that can transcend spatial and temporal distances – which supposedly enable government at a distance – numbers must be *made calcula-*

ble. For this to happen, the two stages illustrated in this paper are necessary. Quanta must be established, and the quanta must be attached to generic concepts. In the case of the SEA, however, what determined the establishment of quanta was the definition of output provided by the SNFMA, which in turn rendered activity regarded of crucial importance by the agency's governing ministry and the agency itself invisible. The paper demonstrates that accounting numbers' capacity to enable government at a distance should not be overestimated.

Although the process of producing numerical representations of organizational action most likely will look different from case to case, I argue that the two basic steps I identify here are general. In the classification work of the SNAO's performance audits, for example, the quanta consisted of the audit reports, with the reports then attached to the generic concepts we established on the basis of performance audit literature.

Before I present the concluding discussion of this chapter, I will briefly mention the report we wrote to the SEA on the basis of my study. Because of Goffman's research, I realized that "visible objects" were crucial for defining output. This realization was also one of the main points that we made in the report written to the SEA as a result of my empirical work (AES, 2010:1). Chua suggests that when a constructivist approach is applied, knowledge can be created that highlights the structures and taken-for-granted themes which pattern the world in distinct ways. "[...] The aim of the interpretive scientist is to enrich peoples' understanding of the meaning of their actions, thus increasing the possibility of mutual communication and influence" (1986, p. 615). I agree with this notion and believe that this type of research approach encourages the researcher to try to see behind what is taken for granted both in theory and in practice (see Chua & Mahama, 2011; Ahrens & Chapman, 2006).

In addition to the role of the visible objects, we also explained the influence of the input-outcome model in the report. The idea was to challenge the current thinking and perceptions of the output reporting at the agency and to encourage reflection regarding this process. The agency demonstrated interest in the report in mid-2012, and I was invited to present its results. The civil servants perceived the results of the report as helpful because the results helped them to identify problems that they had not previously detected. This, in turn, made it possible to continue with the work of defining output without being hindered by visible objects or the input-outcome logic.

If we compare our report about the SNAO's performance audit with the report provided to the SEA, we can see examples of the two different ways in which the different research approaches can contribute to practice. Whereas "constructivist" research contributes by encouraging reflection about practice and challenging current thinking about practice (Chua & Mahama, 2011), "act-upon" research provide a frozen picture about "what is going on" in an organization, a picture that is relatively easy to use for intervention. This information, in turn, makes it possible for external actors (such as the Swedish state audit investigation) to intervene and influence the conduct of the organization in question.

Concluding discussion – the constitution of performance in performance auditing and accounting

In this chapter, I have this far described organizational performance as a matter of communicating organizational actions and results of those actions. I have also described organizational performance as a world-wide phenomenon for enabling accountability relationships that are present in large organizations, regardless of which societal sector they operate in. I have elaborated on my evolving theoretical approach towards the phenomenon of perfor-

mance that led to the choice of the theoretical view of accounting and performance audit as technologies of government in this introductory chapter. I have suggested the Swedish central government's management by objectives can be viewed as a program through which political ambitions are meant to be realized. Management by objectives is a framework for action based on the philosophy that government is exercised indirectly (at a distance) by requiring that certain ends are achieved. In this framework, performance audit and accounting are used as technologies for constituting performance.

I have also argued that many accounting studies that view accounting and auditing as technologies of government address discourses *over* these technologies rather than their operation in specific organizations. I have suggested that the notion within this scholarly debate that there is a "considerable play in the mechanism which links the programmatic level with the technological" (Miller & O'Leary, 1987, p. 240; see also Samiolo, 2012) proposes that the operationalization of the technologies is relevant to understanding accounting and performance auditing as technologies that we use to enable long distance control, "transparency" and accountability. In one sense, all accounting studies that address performance management and measurement issues in local organizational contexts can be read from the theoretical lens of accounting as a technology of government. From that perspective, the field of literature is vast, and I incorporate some of these numerous studies in the papers. However, few such studies apply the analytical distinctions between political and programmatic ambitions and technologies.

I have also elaborated on the main results of each paper and what the results tell us about the constitution of performance in the practices of accounting and performance auditing. In this concluding discussion, I will relate the papers to each other as well as to the theoretical perspective of accounting and performance auditing as technologies of government, and elaborate on

what the paper findings collectively say about how and under what conditions performance is constituted in accounting and performance auditing.

The fragility of performance

As previously mentioned, the idea behind accounting and performance auditing as technologies of government is that they produce stable representations that can travel to the “centers of calculations” without distortion (Rose & Miller, 1992). Studies of accounting and auditing as technologies of government that are carried out on a discursive level may give the impression that the process of producing these stable representations is a stable and unproblematic process in itself. The notion that accounting and performance audit create visible, manageable spaces open for long-distance control may seem rather stable and straight forward. When reading the papers in this thesis, however, one thing that comes to mind is that constituting performance is a rather fragile process that is far from straightforward.

In the first paper, we observe that when performance is operationalized by the auditors, it is a concept that refers to many different aspects of organizational life. Performance and performance audit are certainly vague concepts, but something that reoccurs in performance audit literature are “the three Es” (i.e., economy, efficiency and effectiveness), understood as the audit of “substance”. When we study how performance auditors reach judgments in terms of the three Es in paper two, we see that the auditors mobilize several different actors (e.g., statements from government, parliament, international organizations, experts in various fields, established evaluations methods and benchmarks of various types) to reach their judgments. In this way, the auditors find criteria against which to judge the auditee. We also reach the conclusion that the mobilized actors enable the auditors to reach conclusions and at the same time protect the ideal of independence. Therefore, when taking on the three Es, the auditors depend on many different actors, which on the

one hand make the claims of the auditors strong. On the other hand, this finding suggests that the process of constituting performance in terms of the three Es is rather fragile, because the process is dependent on the mobilization of various actors.

The fragility of the process of constituting performance is also confirmed in paper three. This paper shows that the process is dependent on the establishment of distance from that which is to be represented, the rationality of the concepts that are being used, the influence of the auditors and the reactions among the represented towards the labels put on them and towards being made visible in a performance report. Constituting performance is a complex social process that depends on many different factors in the local context that is to be represented. Miller & Rose (1990) explain that accounting transcends spatial and temporal distances by rendering organizational actions into a conceptual form. Paper three demonstrates, however, that accounting for organizational activity in terms of the concept of output can be highly problematic, although the concept of output is somewhat taken for granted both in the Swedish central government and in accounting literature. To constitute performance is challenging, at least when the superior does not provide clear standards for how to accomplish this task.

Both paper two and paper three show that performance is a phenomenon that is subsumed under pre-established performance criteria or performance standards. Without such fixed visibilities against which to judge organizational actions, performance becomes difficult to establish. When the central agencies are asked to set their own performance standards, they are asked to become standardizing subjects for their own performance. When the government, i.e., the agencies' "center of calculation" no longer provides detailed instructions on how to report activity, this standard setting is left to the agencies. However, the challenges connected with this task allowed for an-

other center, the SNFMA, to be formed. In the case of the SEA, the SNFMA became the standardizing body, and according to the follow-up report published by the SNFMA, similar situations seem to have occurred in other agencies as well. Although the initial intention with the new regulations was that each agency should decide how to account for its performance itself, the SNFMA is now planning to establish network gatherings for the agencies to discern how to achieve this goal. Performance is far from something that is “out there” merely to be observed and objectively written down. In the constitution of performance, standards play a central role.

Another related aspect worth highlighting in paper three, that indicates the fragility of the process of constituting performance, is that when the civil servants asked the accounting expert in Swedish central government for help, their activity was rationalized with the input-outcome rationale (paper three or paper four). Gendron et al. suggest that “accounting is a technology that aims for abstract and generalized knowledge bases” (2007, p. 126), and the input-outcome logic can be regarded as such a knowledge base. This model is not limited to the Swedish central government but is a logic commonly used in “management by accounting” (McSweeney, 1994, p. 237; see also Gendron et al., 2007; Johnsen, 2005; Flynn, 2007). Whereas the new regulations for the central agencies’ performance reporting stipulates that the output definition shall reflect activities of great significance in the agency’s activity, the intervention of the accounting expert led to a representation of the SEA’s activity that made invisible certain activity regarded as important by both the agency’s governing ministry and the agency itself.

In my view, this finding suggests that accounting is a technology that carries a “program” within itself. In other words, this technology has its own agenda and its own rationale, a finding that is in line with Miller & O’Leary’s (1987) notion that the link between political and programmatic ambitions

and technologies is loose. This result suggests that the technology of accounting does not necessarily have to serve political ambitions or programs. Although the Swedish central government aimed to adjust the performance reporting of each agency's particular activity by "detaching" accounting from uniform structures – and the performance management investigation (Statens offentliga utredningar, 2007:75) criticized the previous activity structure for its "unbroken chain of end-and-means relationships" (p. 255) – the "program of accounting" led to a new generalized unbroken chain of end-means relationships to guide the performance reporting in the SEA because of the difficulties of constituting performance without pre-established standards. This situation, in turn, rendered certain activity invisible that was regarded as important by the agency's superior. From this perspective, accounting is not only a technology that can be used by a superior to discipline organizations and individuals in organizations (Miller & Rose, 1990; Rose & Miller, 1992). Accounting is also a technology that must be disciplined to function as a technology of government, i.e., to serve the ambitions it is meant to realize. In the case I have studied, the ambitions of the accounting expert and the ambition of the government seem to contradict each other.

The discrepancy between programmatic ambitions and the "program of the technology" can also be found in the studies of performance audit. The "three Es" can be understood as a programmatic ambition, a framework for action put forward by the INTOSAI (2004) and the Swedish national audit investigation (Slutbetänkande av Riksrevisionsutredningen, 2009) to realize the increasing political concern of creating value for tax payers' money. The technology of performance audit is supposed to enable accountability relationships based on this political concern. As a technology of government performance auditing is expected to carry out audits of "substance"; the critique towards system audits seems to suggest that such audits do not provide information suitable for governing at a distance.

When we study audit of “substance”, however, we realize that the linguistic actor of independence may work as a hindrance for such an audit to be carried out. Thus, here a paradox occurs. Independence is the *raison d'être* of the technology of performance audit (see paper two on the relationship between performance audit and independence). Indeed, the need for independent state audits was one of the main reasons for the establishment of the SNAO (Ahlbäck-Öberg, 2011). At the same time, independence may hinder the auditors in performing their duties of providing judgments of the three Es. The inherent “program” of performance audit stipulating dependence on independence contradicts the programmatic ambition of the three Es which makes this technology insufficient for enabling accountability relationships based on the political concern of value for taxpayers’ money.

The production of accounting *numbers*, which I study in paper four, adds to the notion that accounting follows a certain rationale and that the process of constituting performance is fragile. In other words, the two steps I elaborate on in paper four, the establishment of quanta and the establishment of generic concepts, must always be carried out. Although this process looks different in different settings because intersubjective cognition, individual creation, human-machine interaction and the nature of mobilized concepts might combine with the production of numbers in different ways (paper four), quanta and generic concepts must always be established. For example, the quanta in the SEA consisted of visible objects, and the concepts were based on the agency’s instruction together with the visible objects. When we classified the SNAO’s performance audits (paper one), the quanta were the audit reports, whereas the generic concepts were derived from other studies of performance audit.

In governance reforms such as “new public management” in the public sector, performance has to a large extent, evolved into countable forms. Similar-

ly to constitutive accounting research, the quest to render actions into numbers seems to rely on a belief that accounting numbers possess an extraordinary ability to enable government to function from a distance. The Swedish performance management investigation's call for "prize-tags" (see paper four) also seems to indicate a trust in the ability of numbers to produce useful information for the government. However, as shown in paper four, this scenario requires the production of calculable numbers through the establishment of quanta and generic concepts. I consider this to be a fragile process, because the establishment of quanta and generic concepts requires organizational effort and can result in significant tensions. In the case of the SEA, the establishment of quanta (through visible objects) was governed by the SNFMA's definition of output, which in turn made invisible certain activity regarded as important by the agency's governing ministry. Hence, in this case, the numbers did not enable governing from spatial and temporal distances, which, as previously mentioned, demonstrates that the accounting numbers' capacity to enable government from a distance should not be overestimated.

The stability of performance

In the discussion above, I have problematized how and under what conditions performance is constituted in the practices, or technologies, of accounting and performance auditing. I have discussed how fragile the process of constituting performance is. I have shown how complex the process can be, how auditors have to mobilize actors to establish criteria and protect the ideal of independence, how performance reporting depends on pre-established performance standards as well as the represented parties' reactions towards labels and being made visible and the influence of the auditors, the mobilized concepts and the inherent programs in both accounting and auditing.

However, this discussion is not intended to claim that performance is a phenomenon that never can become stable. On the contrary, to study how performance is constituted is to study how performance becomes stable. Performance does become stable, or at least stable enough for performance reports to be published. Once published, the performance report can “travel” and transcend spatial and temporal distances and be used in places where decisions are made about the represented activity (Miller & Rose, 1990; Rose & Miller, 1992). However, when studying how performance is constituted in performance audit and accounting, we can see that it takes much effort to achieve this task through the fragile processes discussed above.

Why is it important to study the constitution of performance, and why is it important to acknowledge the fragility of the constituting process? First, this thesis shows that to understand the ability of accounting and performance audit to enable government at a distance (Miller & Rose, 1990), we must study the fragile process through which performance become stable. By studying this process, we can increase our understanding of how and under which conditions accounting and performance audit enable (or disable) long-distance control. Second, it is important to study the constitution of performance because when the complexity and fragility of the constitution of performance is neglected in practice, several unintended consequences may occur.

The Swedish government seems to accept and make use of the idea that accounting as a technology unproblematically glues political and programmatic ambitions to society, without recognizing the process of constituting performance. The new regulations in the Swedish central government for the central agencies’ performance reporting are an example of this idea. As praiseworthy as it may seem, the idea that the central agencies are best suited to “describe their activity” and provide the “correct picture” of their activity

suggests that organizational actions can easily be connected to political and programmatic ambitions through the technology of accounting. The idea that it is easier for the agencies' to explain what they do, rather than what the activity has led to, seems to be built on the assumption that "performance" is "out there" to be objectively observed and reflected in performance reports, neglecting the challenges of constituting performance. In the SEA, this method led to a time-consuming and challenging process of defining output that nonetheless excluded activity considered relevant by both the agency and its governing ministry. Similarly, the idea of conducting an independent state audit of the three Es seems to neglect the fragile process of making performance stable, in which the establishment of audit criteria and the role of independence constitute significant challenges for the auditors.

Another example in which the process of constituting performance seems to be neglected is the taken-for-granted notion – in both constitutive accounting literature and governance reforms such as new public management – that accounting numbers enable government from a distance. A further example is the tendency to take the simplicity of the concept of "output" for granted, as observed in both the Swedish government and the accounting literature.

Once we acknowledge that performance is a socially constructed representation of organizational actions and begin to pay attention to *how* performance is constituted, we can find new ways to address the ongoing challenge of constituting performance. Once we realize that performance is a socially constructed phenomenon, this finding calls for reflection on what governs the constitution of performance. In my view, the role of the academic is not to provide specific (or simple) answers to complex problems. Rather, the academic's role is to question current research and practice and to track down problems that may not be obvious in everyday organizational practice. Using the research of Foucault, Bay (2012, p. 27) suggests the following:

“The powerful is not the one who possess the answers, but the one posing the questions [...] there are moments in life when these questions need to be asked if one ever is to think or see differently”. To me, the role of the academic is to ask such questions, not to conclude that “nothing works”, but rather to encourage new perspectives to be taken, which in turn can lead to new solutions. One example of this process occurred when I (thanks to Goffman) recognized that a prerequisite for output in the SEA was visible objects. As simple as this may seem, this realization helped the civil servants to move forward in the process of defining output. Before we realize the problems, we cannot do anything about them, and in my view, the recognition of problems is the main area in which practitioners and constructivist researchers can collaborate.

Therefore, on the basis of this thesis, what questions can we ask? Examples of questions that can be asked on the basis of this thesis include the following: When performance is measured, how are quanta established? How are the generic concepts established to which the quanta are attached? What type of knowledge base (e.g., the input-outcome model) drives their establishment? What type of knowledge base underlies the notion of performance in an organization as a whole? How are performance standards set? What do we mean by audit independence? What actors are mobilized in a performance audit to make judgments about performance, and at the same time, to protect the ideal of independence? In what way do these actors affect our notion of performance in the public sector?

Below, I attempt to structure the contributions of this thesis under the headings of practical and theoretical contributions.

Practical contributions

- Performance is not “out there” to be observed and reflected in performance reports. Performance is a phenomenon subsumed under the demand for clear criteria or standards against which organizational actions can be represented and assessed. The ambition of the new Swedish regulations of the central agencies’ performance reporting to adjust the reporting to each agency’s particular activity can be regarded as praiseworthy. However, the new regulations seem to neglect the challenge of representing organizational actions without clear pre-established standards. As we can see in papers three and four, the standards for output set in the SEA led to a definition of output that was not useful for the agency’s governing ministries. Attention should be paid on how the new standards are set. Who sets the standards when the ministries do not? What role should the SNFMA play in this process (see paper three)?

- When performance is constituted in accounting and performance auditing practices, concepts such as “independence” and “output” affect how performance is constituted which may have unintended consequences. In the case of performance auditing, the notion of independence may hinder performance auditors in reaching judgments in terms of the three Es. If there is tension between what we want the auditors to be (independent) and what we want them to do (audit the three Es), this tension calls for attention (see paper one and paper two). In the case of the central agencies’ performance reporting, we need to pay attention to the concepts that the agencies are requested to use and how the concepts affect the performance reporting (see paper three).

-Relating to the previous point, accounting is not a neutral practice that unproblematically glues political and programmatic ambitions to society. For example, the input-outcome model commonly used in “management by ac-

counting” is an easy and pedagogic way of communicating organizational activity, but this method of rationalizing organizational activity also effects how performance is understood and reported (see papers three and four).

-When performance is represented with numbers and made calculable and comparable, quanta and generic concepts always have to be established. Attention should be paid to *how* the quanta are established and *how* the generic concepts are established. What determines their establishment (see paper four and the discussions about paper one in this chapter)?

Theoretical contributions

Overall, this thesis has shown that to understand how local organizational settings are made visible and governable from a distance through the technologies of accounting and performance auditing it is not enough to carry out studies on the level of discourse. The process of constituting performance in local organizational settings is a prerequisite for government at a distance to be possible. By studying this process, this thesis demonstrates that the ability of the technologies of accounting and performance audit to link political and programmatic ambitions to society cannot be taken for granted.

By studying the process of constituting performance in local organizational settings we can increase our knowledge about this process, and by relating the findings to the theoretical perspective of accounting and auditing as technologies of government, we can increase our understanding of the ability of these technologies to enable government at a distance. The papers of this thesis make the following theoretical contributions to our knowledge about how and under what conditions performance is constituted in the practices of accounting and performance auditing.

-The linguistic actor of independence should be taken into account when analyzing the constitution of performance in performance auditing. The tendency of performance auditors to focus on audits of “systems” – which is not regarded as suitable information for government – and avoid audits of the three Es because of lack of audit criteria is well-established (e.g., Pollitt et al., 1999; Power, 1997). Paper two in this thesis adds to this notion by suggesting that one explanation for this tendency may be the linguistic actor of independence.

-Whereas performance standards set by superiors against which organizational actions are rendered visible and possible to govern from a distance are subject to much criticism (e.g., Roberts, 1991; 1996; Strathern, 2000), paper three demonstrates the difficulty of representing activity without such standards. This paper also shows that even though the concept of output has been assumed to be relatively easy to apply (e.g., Modell & Grönlund, 2007; Pollitt, 1988), its simplicity cannot be taken for granted. The complex social process of constituting performance should not be neglected. This means that the use of abstract accounting concepts, and the process of rendering organizational actions into a conceptual form (Miller & Rose, 1990), cannot be expected to be unproblematic and straight forward.

- As discussed in paper three, a common view in accounting is that the visibility created through accounting meets resistance in various ways (e.g., McGivern & Ferlie, 2007; Roberts & Scapens, 1990), and accounting visibility and professional values have been regarded as contradictory (e.g., Kurunmäki & Miller, 2006). Paper three, however, demonstrates that being made visible in a performance report can align with professional values.

-The ability of accounting numbers to enable government at a distance cannot be taken for granted (e.g., Miller, 2001; Robson, 1992; Rose & Miller,

1992). Paper four shows that the establishment of quanta and the establishment of generic concepts both call for analysis if we are to understand how numerical representations of organizational actions are produced. Paper four adds to our cumulative knowledge about the ability (or inability) of accounting numbers to enable long-distance control (see e. g., Asdal, 2011).

Now that this introductory chapter has come to an end, I leave it to the reader to interpret and judge the contributions of the papers. In this chapter, I have provided a certain meta-reading of the papers. However, as mentioned in the beginning of this chapter, I believe that there are as many interpretations of the papers as there are readers, and in the end, the reader will decide how to interpret them. Regardless of how the reader interprets the papers, I hope it will be an informative experience.

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Value for money and the rule of law: the (new) performance audit in Sweden

Value for money
and the rule
of law

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Abstract

Purpose – This paper aims to develop a classification scheme of different types of value for money (VFM) audits with different degrees of compliance audit, and to classify the performance audits carried out by the Swedish National Audit Office (SNAO) during its first six years as an independent state audit organization reporting to parliament.

Design/methodology/approach – The empirical data were gathered from all of the 150 audit reports published by the SNAO from its establishment in 2003 to the end of 2008. Seminars were arranged to discuss the classifications for validation.

Findings – The focus on traditional VFM audits (the “Three Es”) is unusual. Most audits carried out by the SNAO combine different types of extended VFM audits with compliance audit. On the one hand, they audit how the government and/or central agencies fulfil their mandates (from good to bad). On the other, they audit how the government and/or central agencies adhere to legislation, rules and policies (right or wrong). In some cases, the SNAO equates compliance audit with performance audit.

Practical implications – The authors have verbalised and visualised performance audit activities of interest not only to state auditors, but also to external stakeholders. One practical implication is that the Swedish national audit committee has conducted an evaluation of the SNAO that is partly based on the national report of this study, and has proposed a stronger focus on the Three Es.

Originality/value – The study addresses a new approach in terms of a classification scheme for performance audits, consisting of eight types of VFM audits and three degrees of compliance audit, and creating 24 possible combinations.

Keywords Performance measures, Auditing, Value analysis, Sweden, Public sector organizations

Paper type Research paper

Introduction

National audit offices are designed to examine the performance of public organizations in order to ensure citizens receive value for their taxes (Jacobs, 1998; Guthrie and Parker, 1999; Morin, 2003). However, these audits are complex by nature (Funnell, 1998; Dittenhofer, 2001) and there are as yet no generally accepted auditing standards (Bowerman *et al.*, 2003). In fact, there exists no general agreement on a distinct definition of performance audit (Pollitt, 2003; English, 2007). The International Organisation of Supreme Audit Institutions (INTOSAI), introduces the concept in its Lima Declaration of 1997:

Performance audit is oriented towards examining the performance, economy, efficiency and effectiveness of public administration. Performance audit covers not only specific financial operations, but the full range of government activity including both organisational and administrative systems (INTOSAI, 1997, section 4.2).



Performance audits are often perceived to be synonymous with value for money (VFM) audits, and traditional elements in such audits are economy, efficiency and effectiveness – often referred to as the “Three Es” (Power, 1997). Over time, however, there has been a tendency towards expanding VFM audits’ breadth of coverage (Pollitt *et al.*, 1999; Vikkelso, 2007). Bowerman (1996) suggests an extended and broad-based view, as she includes “everything from economy to policy”.

Another view is that accountability or compliance can be included in performance audits. An examination of an organization’s adherence to legislation, rules and policies evaluate how those responsible have met such requirements. INTOSAI (2004, part 1.8) states that:

Auditing accountability can be described as judging how well those responsible at different levels have reached relevant goals and met other requirements for which they are fully accountable.

There are different opinions about what types of audits would be best suited for assessing the performance of public organizations in terms of providing value for money, and opinions also differ over whether and to what extent compliance orientation may be included in performance audits (Pollitt *et al.*, 1999; Lonsdale, 2008). One assumption is that the country in which the audit is completed matters (Pollitt *et al.*, 1999; Pollitt, 2003), and that a study of a rather special and relatively unexplored country such as Sweden could help advance our understanding of performance audit regarding both traditional and extended VFM audit, as well as compliance audit.

The establishment of the Swedish National Audit Office (SNAO) in July 2003 was the result of a merger between two predecessors: Riksrevisionsverket (RRV) and the Parliamentary Auditors (PA) (Bringselius, 2008). Before the merger, Sweden was one of a few Western democracies without independent state auditors reporting to parliament. With the establishment of the SNAO, Sweden had a new, coherent audit office with strong constitutional support and a mandate for conducting performance audits. Today, the SNAO undertakes approximately 30 audits annually and is led by three Auditor Generals, who both jointly and independently determine the audit agenda, how the audits will be conducted, and their conclusions. The Auditor Generals interpret their performance audit mandate outlined in the Auditing of State Activities, Etc. Act (2002) as including both VFM audit and compliance audit.

The purpose of the current study is twofold: first, to develop a classification scheme of different types of VFM audits and different degrees of compliance audit, and second, to classify the performance audits carried out by the SNAO during its first six years as an independent state audit organization reporting to parliament.

Our paper may be of interest for several reasons. First, it addresses a classification scheme. Even though other scholars have addressed performance audit issues (Power, 1997; Funnell, 1998; Guthrie and Parker, 1999; Dittenhofer, 2001; Bowerman *et al.*, 2003; Broadbent and Laughlin, 2003; Pollitt, 2003; Gendron *et al.*, 2007; Lonsdale, 2008), we have seen few attempts to classify performance audits conducted in terms of VFM and/or compliance. Second, the Swedish public administration model is unique for its long history of devolving responsibility to central agencies. The central government is comprised of a large number of autonomous agencies that are held accountable to a few government ministries. In contrast to government ministries, the agencies are administered by a large number of employees. In addition, the possibility of direct

ministerial intervention in operating matters is circumscribed by the legislative framework (Modell and Grönlund, 2007), which makes the work of the national audit office of particular interest. Third, despite the growing volume of literature on performance audit in western democracies, including Sweden's neighbouring countries (Johnsen *et al.*, 2001; Skærbæk, 2009), little is known about the practice of independent state audit in Sweden when examining the government and/or its central agencies and reporting to parliament. Pollitt *et al.* (1999) examined the issue when the former state audit organization, RRV, was under direct control of the government.

The remainder of this paper is structured as follows: in the frame of reference we develop a classification scheme, after which the method for data collection and analysis are elucidated. The findings of the study are then presented, followed by a discussion in the concluding section.

Frame of reference

Traditional types of VFM audits

All activities within the public sector are intended to be useful for citizens. It is therefore important that input, via different processes, can be transformed to output (services or products) with a satisfying outcome. This can be illustrated by the value chain model (Modell and Grönlund, 2006). While the monitoring of public organizations was long focused on input, process and output, a gradual increase in emphasis on outcome indicators has been discernible since the late 1990s (Modell, 2006).

There is a relatively strong consensus that the Three Es represent the traditional types of VFM audits (Power, 1997; Pollitt *et al.*, 1999; Dittenhofer, 2001; Broadbent and Laughlin, 2003). Common denominators between economy, efficiency and effectiveness (hereafter referred to as audit types 1-3) are the emphasis on public organizations' core activities, and quantification and measurement (Guthrie and Parker, 1999; Pollitt *et al.*, 1999; Lonsdale, 2008). An economy audit (audit type 1) is focused on examining input in terms of how well the cost of these resources are minimised. An efficiency audit (audit type 2) relates to the relationship between output and the input used to produce services or products. An effectiveness audit (audit type 3) focuses on the extent to which goals are achieved. Figure 1 demonstrates the relationships between the three audit types and the value chain (see Pollitt *et al.*, 1999).

The Three Es appears in INTOSAI's Lima Declaration of 1997, and have been reported in several countries. The Danish NAO has an orientation towards efficiency (Skærbæk, 2009), and state auditors in Canada (Radcliff, 1998), Australia (Funnell, 1998; Guthrie and Parker, 1999), New Zealand (Jacobs, 1998) and Great Britain

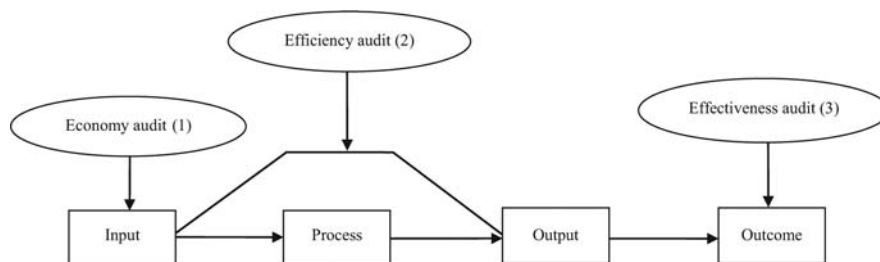


Figure 1.
The Three Es related to
the value chain

(Lonsdale, 2008) were, at least initially, auditing economy and efficiency to a relatively large extent.

Extended types of VFM audits

Even if VFM audits are formally oriented towards the Three Es, it is not unusual to see audits taking other directions in practice (Guthrie and Parker, 1999; Pollitt, 2003; English, 2007). Jacobs (1998) and Gendron *et al.* (2001) suggest that a reason for this is that state auditors try to meet new demands for their activities. Another reason can be related to the false impression of a linear transformation of resources to output and outcome through processes. Such a description does not take the complexity of public “life” into consideration (Kyrillidou, 2002; Premfors and Sundström, 2007). Consequently, it can be difficult to measure economy, efficiency and effectiveness in such a complex reality.

In addition to the Three Es, other types of VFM audits have been discussed (see Bowerman, 1996). Even if it may be difficult to always draw a clear line between different audit types (see Pollitt *et al.*, 1999), we claim that it is possible to find at least four extended types of VFM audits in the literature.

A distinction between substance and systems is based on whether the audit concerns an organization’s core activities (substance) or the systems developed in order to manage and control the activities (Power, 1997; Pollitt *et al.*, 1999). According to INTOSAI (1997), it can be appropriate to examine both core activities and control/supporting systems, since the latter often influence the extent to which goals are attained. Pollitt *et al.* (1999) stress that Sweden’s RRV often conducted audits both with respect to core activities and systems, and Power (2003) identifies an augmented audit focus on the systems or the control of the organization’s own controls. Audits of control or supporting systems are also emphasised by public audit entities in Canada (Gendron *et al.*, 2007). Thus, we classify system audit as the first extended type of VFM audit (audit type 4). It shall be noted that audits of control or supporting systems often have a weak connection to financial calculations (Dittenhofer, 2001).

Examinations of the information that government or central agencies provide and produce can also be regarded as a type of extended VFM audit (Bowerman, 1996). Information and communications are often taken as a proxy for other administrative activities such as organizing and monitoring (Power, 2007), and good or bad administration in a broader perspective can be a criterion for motivating VFM audits (Pollitt, 2003). Hence, we call the fifth audit type administration audit, which covers the government’s and/or central agencies’ administrative activities including the reporting between parliament, government and central agencies. Financial calculations are normally not emphasised in this type of audit (see Bowerman, 1996).

An audit orientation towards goals is emphasised by INTOSAI (2004). However, it has been found difficult to audit the outcome of public activities (Gendron *et al.*, 2001; Broadbent and Laughlin, 2003), as goals have a tendency to be ambiguous and sometimes contradictory. Moreover, the relationship between cause and effect is normally complicated, making it difficult to isolate the outcome of a specific organization’s activity (Broadbent and Laughlin, 2003; Sanger, 2008). As public activities are carried out in ways that make the outcome difficult to measure with quantitative methods, it can be complicated to carry out a traditional effectiveness audit. Thus, the sixth audit type, goal-related audit, has a role within extended VFM audit. This audit type may examine whether goals have been formulated or if goals are

clear, unambiguous or not contradictory at different levels in an organization (see Gendron *et al.*, 2007).

A policy audit examines whether political programmes are appropriate from a financial perspective (Bowerman, 1996). Large-scale political programmes (such as foreign policy) exist outside the domain of VFM audit, but state auditors may examine how a foreign ministry manages a crisis situation. A policy audit can also review whether or not an Olympic Games had achieved its anticipated financial success, or focus on other time-limited projects with specific goals. This seventh type of audit is supported by Dittenhofer (2001) and Pollitt *et al.* (1999), and is carried out in Canada (Gendron *et al.*, 2007) and Great Britain (Lonsdale, 2008).

Considering the SNAO's broad interpretation of their mandate in the Auditing of State Activities, etc. Act (2002), it might be possible to find empirical support for yet another audit type. A contingent eighth audit type regards all other possible forms of VFM audits. It is also possible that the SNAO will compare performance between similar public organizations in order to identify best practices (see Bowerman, 1996), irrespective of audit type.

Compliance audit

An audit that occupies the space between how the government and/or central agencies create value for money (good or bad), and how they comply with legislation, rules and policies (right or wrong), can be viewed from different perspectives. On the one hand, it can be argued that a compliance orientation would not address the Three Es (Pollitt, 2003), and that VFM audit and compliance audit are two different issues (Funnell, 1998; Sharma, 2007). According to this view, it is not desirable to include compliance in performance audit (Behn, 2001). On the other hand, it is possible to argue that contravening the rules can be both detrimental and demoralising to an organization, and that adherence to legislation, rules and policies can contribute to value for money (Olsen, 2005; Goolsarran, 2007). INTOSAI (1997, 2004) suggests that it can be adequate to examine a public organization's level of compliance, if it is significant for the output and outcome of the organization's activities. A certain degree of compliance orientation in performance audits has been observed in Denmark (Justesen and Skærbæk, 2005) and Canada (Gendron *et al.*, 2007), and a strong such degree is reported from Brunei (Athmay, 2008).

According to Pollitt *et al.* (1999), the degree of compliance audit depends on whether one or more public organizations are audited. The authors claim that it is normally easier to carry out compliance audit when only one organization is being reviewed (single-organization audits) rather than several (multi-organization audits). It is also claimed that the auditors' habits influence how the audits are carried out (Pollitt *et al.*, 1999; Öhman *et al.*, 2006; Athmay, 2008). Accordingly, the work of the state auditors may become rather unilateral, such as with compliance issues.

The classification scheme

As a result of the lack of a commonly ratified classification, we have divided performance audit into VFM and compliance. We have discussed eight types of VFM audits and three degrees of compliance audit; Table I shows the 24 possible combinations. An economy audit with no degree of compliance audit is indicated as 1:0,

Table I.
The classification scheme

Degree of compliance audit	Economy (1)	Efficiency (2)	Effectiveness (3)	Audit type		Goal-related (6)	Policy (7)	Empirically (8)
				System (4)	Administration (5)			
No degree (0)	1:0	2:0	3:0	4:0	5:0	6:0	7:0	8:0
Some degree (1)	1:1	2:1	3:1	4:1	5:1	6:1	7:1	8:1
Strong degree (2)	1:2	2:2	3:2	4:2	5:2	6:2	7:2	8:2

and an empirically-grounded audit with a strong degree of compliance audit is indicated as 8:2.

Method

The empirical data were gathered from the 150 audit reports published by the SNAO from its establishment in 2003 to the end of 2008. When classifying the reports we used a comprehensive data collection scheme, where only a few of the variables are relevant for this paper. One of these variables is the public organization/organizations that were audited. We also included the types of VFM audit described above and the degree of compliance audit (“none”, “some” or “strong”). Compliance audit includes adherence to legislation, rules and policies, but not to guidelines (since they are not conclusive). A “strong” degree indicates that compliance orientation plays a prominent role in the audit report. In addition, we classified the extent to which the SNAO carries out its own financial calculations (“none”, “some” or “strong”). A “strong” degree demands four or more financial calculations presented in the audit report.

Despite our ambition to develop a classification scheme, we recognised the problem in translating diverse and complex audit reports into a few distinct categories or into single figures (see Miller, 2001). This quantification is a pursuit of objectivity, but it is not independent of the particular people who make it (Porter, 1995). Consequently, several steps were taken with this in mind when we collected and analysed the data.

First, we arranged a seminar with research colleagues at Stockholm University to discuss the design of the study, the classification scheme, and methodological issues related to the classification of qualitative reports into distinct quantitative audit types. Second, all three of us classified all 150 audit reports separately. We focused particularly on the sections regarding audit questions, purposes and conclusions. In most cases we classified the audits as one audit type only. As different audit types can be included simultaneously (Pollitt *et al.*, 1999), some audits were classified as having one type dominating and one audit type playing a complementary role. However, we were relatively restrictive, by classifying an audit as belonging to more than one audit type. Third, we compared our assessments and discussed the cases where our classifications differed until we arrived at an agreement. The most contentious part of the classification process was deciding whether some of the audits included more than one audit type or not and, in some cases, deciding which audit type was dominating and which one was playing a complementary role. Fourth, we met with SNAO representatives to discuss our classifications for validation. In these meetings we had the opportunity to discuss the cases where we were not sure about the classifications; these discussions resulted in minor adjustments. Fifth, we were invited to a seminar at the Swedish parliament to present the study for the Swedish national audit committee, and discuss the classification scheme and the classifications made. Sixth, we analysed the findings by a one-proportion test to explore statistically significant differences in audit orientation towards the Three Es (audit types 1-3) versus other audit types, towards goals (audit types 3 and 6) versus other audit types, towards compliance audit (“some” or “strong” degree) versus no compliance audit, and towards financial calculations (“some” or “strong” degree) versus no financial calculations. These differences are statistically significant at the 5 per cent level.

Findings

Given the traditional purpose of VFM audits, one could imagine that the audit reports would be dominated by elements of economy, efficiency and effectiveness. This is not the case: only 18 of the 150 audits carried out by the SNAO are primarily focused on the Three Es (audit types 1-3). It shall be noted that we classified 32 audits as including more than one audit type; the Three Es became slightly more prominent when accounting for this. However, the hierarchy between the different audit types remains the same. When only considering the dominant audit type, the last row in Table II shows that 60 audits were classified as administration audits (5). These audits concern how management organizes, monitors, coordinates and reports their activities. Other rather common audit types are system audit (4), goal-related audit (6) and empirically-grounded audit (8). Policy audit (7) is as unusual as the Three Es. The table also indicates that an audit orientation towards goals (audit types 3 and 6) is less prominent.

The last column in Table II shows that two out of three audits contain elements of compliance to “some” degree (59 reports) or a “strong” degree (42 reports). When audit type is related to the degree of compliance audit undertaken, certain patterns are revealed. Among other things, the table shows that empirically-grounded audit (8) can be considered to be governed by compliance audit, since this is the common denominator for 16 of the 18 audits. In these cases, the SNAO examined adherence to legislation, rules and policies with respect to governmental surveillance, entertainment expenses or external reporting (annual reports). The two remaining audit reports are neither classified as traditional or extended VFM audits (audit types 1-7), nor included any elements of compliance audit (degrees 1-2). In these cases, the annual reports from the government were audited without any focus on legislation, rules or policies.

According to Table II, the SNAO has taken a rather multifaceted audit approach. Performance audits are carried out in 19 of the 24 fields in the matrix. In the traditional VFM audit types (1-3), there are examples of audits with no elements of compliance audit, as well as audits that do include such elements. Likewise, the audits classified as extended VFM audit types (4-7) have different degrees of compliance audit.

Another finding is that less than one-third of the audit reports contain financial calculations to “some” degree or to a “strong” degree. Conversely, more than two-thirds of the audits do not include financial calculations. Yet in some cases numbers are included regarding frequency (number of times a certain occurrence took place), or changes over time (number of handled matters). All told, the SNAO rarely carries out its own financial calculations.

It can also be noted that a great majority of the audits conducted by the SNAO were classified as multi-organization audits, and that the government is included in a great majority of these audits. Only 33 audits are limited to one organization. In 24 of these single-organization audits, the government is the subject. Consequently, the number of examinations including the government is high (131 audit reports).

Discussion and conclusion

Type of VFM audits

Audits of the performance of public organizations are far from uniform (Pollitt *et al.*, 1999; Bowerman *et al.*, 2003; Vikkelso, 2007). The SNAO covers eight different audit types, which supports the view that VFM audits are complex by nature (see Funnell,

Degree of compliance audit	Audit type							Total	
	Economy (1)	Efficiency (2)	Effectiveness (3)	System (4)	Administration (5)	Goal-related (6)	Policy (7)		Empirically (8)
No degree (0)	3	3	-	13	19	6	3	2	49
Some degree (1)	4	4	2	2	32	13	2	-	59
Strong degree (2)	2	-	-	8	9	7	-	16	42
Total	9	7	2	23	60	26	5	18	150

Value for money
and the rule
of law

Table II.
Classification of the 150
audit reports published
by the SNAO

1998; Dittenhofer, 2001). Furthermore, the fact that several audits include more than one audit type suggests that it is difficult to consistently draw a clear line between different audit types (see Pollitt *et al.*, 1999), particularly when more than one organization is examined.

The observation that the SNAO mainly carries out audit types other than the Three Es can be compared to similar findings in other countries (Jacobs, 1998; Guthrie and Parker, 1999; English, 2007; Gendron *et al.*, 2007). However, such an orientation is not supported by INTOSAI (1997, 2004). It is therefore possible that the focus on extended audit types is an attempt by the SNAO to meet special requirements generated by the Swedish public administration model. Another reason could be that the choices of methods serve to distance state auditors from traditional value for money audits. Quantitative methods are required to measure productivity and carry out efficiency audits (2), which is a main focus in neighbouring Denmark (Skærbæk, 2009). The methods used by the SNAO seem to be more appropriate for both administration audit (5) and system audit (4). It is also reasonable to believe that the SNAO has difficulties in measuring goals of the government and/or the central agencies (see Gendron *et al.*, 2007). As a consequence, goal-related audit (6) can be seen as a substitute for effectiveness audit (3).

As indicated, a lack of emphasis on financial calculations does not support traditional VFM audits. In this study, financial calculations are not prominent in audit types other than the Three Es. System audits (4) are usually conducted without using quantitative methods (Dittenhofer, 2001). It is only when this audit type is combined with another audit type that financial calculations can be found in the studied audit reports. A similar pattern appears in the administration audits (5) and the goal-related audits (6), which may be explained by difficulties in measuring administrative activities (see Bowerman, 1996) and outcomes of public organizations (see Gendron *et al.*, 2001; Broadbent and Laughlin, 2003; Gendron *et al.*, 2007; Sanger, 2008).

The fact that the audit orientation towards the public organizations' achievement of goals is not prominent suggests that the SNAO has not conformed to the gradual increase of emphasis on outcome indicators (see Modell, 2006). Instead, the rather frequent orientation towards administration audit (5) and system audit (4) implies that the SNAO is interested in the administrative activities and the systems developed to manage and control core activities. Pollitt *et al.* (1999) made a similar observation in their study of the Swedish RRV, and this focus is in line with what Power (2003) calls "control of control". Furthermore, many of the audits carried out by the SNAO concern similar matters, such as the security of information technology systems or protection against bribes and synthesis reports are written as a result. According to Bowerman's (1996) terminology, the synthesis reports can be related to comparative audit, even though the SNAO did not establish a best practice in these audit reports.

Degree of compliance audit

The focus on compliance audit is not surprising given the broad interpretation of the performance audit mandate by the three Auditor Generals. The orientation towards adherence to legislation, rules and policies is not unique to the SNAO. Compliance audit has been included in performance audits in Denmark (Justesen and Skærbæk, 2005) and Canada (Gendron *et al.*, 2007). However, what is rather unique in Sweden is that compliance audits are, in some cases, considered equal to performance audits. This

approach is questioned by Behn (2001), although it is found in a country such as Brunei (Athmay, 2008).

According to Pollitt *et al.* (1999), it is easier to focus on the rule of law when examining one public organization instead of several. However, in this study we were unable to find a connection between the number of audited organizations and the degree of compliance audit. The compliance orientation also appears frequently in multi-organization audits.

Concluding remarks regarding types of VFM audits and degree of compliance audit

Only one of every six audits in audit types 1-7 have a strong degree of compliance audit. This limited portion implies that performance audits assessing the value for money of public organizations can be hard to combine with performance audits assessing accountability (see Funnell, 1998; Pollitt, 2003; Sharma, 2007). However, as can be seen in Table III, almost two of every three audits in audit types 1-7 have elements (“some” or “strong” degree) of compliance audit. This implies that the SNAO regards the connection between value for money and compliance as both possible and adequate (see Olsen, 2005; Goolsarran, 2007).

The conclusion is that the SNAO, to a relatively great extent, strikes a balance between auditing how central agencies and/or the government fulfil their mandates (from good to bad), and how well they adhere to legislation, rules and policies (right or wrong). Table III shows that 85 audits (12 + 73) are characterised by traditional or extended VFM audit and have “some” or a “strong” degree of compliance audit. In 16 cases, compliance audit is equal to performance audit. In 47 audits (6 + 41) the SNAO only consider value for money. The two remaining audits stand out as odd examples among the other audits conducted.

Even though the SNAO shows a broad spectrum of audit types, the three traditional types (economy, efficiency and effectiveness audits) are not prominent. This finding holds whether there is focus placed on the dominant audit type or whether the focus also includes the complementary audit type. In addition to the reasons discussed earlier – choice of methods and the difficulties in measuring goals – force of habit may also be hindering state auditors from adopting INTOSAI’s guidelines in this respect (see Pollitt *et al.*, 1999; Öhman *et al.*, 2006; Athmay, 2008).

One plausible explanation for the compliance orientation demonstrated in Table III could be that the establishment of the SNAO as independent from the government broadened the audit mandate to also include the examination of the government itself. More than 130 of the 150 audits carried out include the government, and in these cases a variety of compliances issues are at stake. A further explanation could be the Swedish public administration model, which has few small government ministries and

Degree of compliance audit	Audit type			Total
	Traditional VFM (1-3)	Extended VFM (4-7)	Empirically-grounded VFM (8)	
0 (no degree)	6	41	2	49
1-2 (some or strong degree)	12	73	16	101
Total	18	114	18	150

Table III.
The Swedish approach
considering type of VFM
audit and compliance
audit

autonomous central agencies (Modell and Grönlund, 2007). The SNAO seems to view this unique situation as demanding a regular examination of the central agencies also with respect to the rule of law, since parliament cannot devolve control of autonomous agencies to government. A third explanation could be that both the government and one or more central agencies are included in most of the audits carried out by the SNAO. The state auditors seem to prioritise multi-organization audits, and to evaluate how those responsible have met the requirements for which they are fully accountable. Considering that these three arguments all point in the same direction we have reason to believe that they support the described compliance orientation of the performance audits conducted by the SNAO.

A practical implication of this study is that we have translated and diffused research knowledge into practice. The study has verbalised and visualised the activities of the SNAO regarding performance audit. The classifications made, with eight types of VFM audits and three degrees of compliance audit, are of interest not only for the state auditors but also for external stakeholders. Indeed, the Swedish parliamentary committee has conducted an evaluation of the SNAO (Riksrevisionsutredningen, 2009) partly based on our national report of this study. The evaluation proposes a much stronger focus on the Three Es in future audits.

Limitations and suggestions for further research

We recognise a number of limitations of this study and suggest issues that merit future research.

First, we are aware that the value chain does not take the complexity of public administration into consideration. Therefore, in further studies it may be important to develop the frame of reference of current public governance research from the political science field (see Premfors and Sundström, 2007). Such a frame of reference may also create a partially new approach regarding the transformation of diverse and complex information in audit reports into a classification scheme. We foresee several possibilities in developing the extended audit types as well as the empirically grounded audit. We are also aware of the difficulties in making general conclusions based only on findings from the Swedish context. Future research projects within this area will preferably be conducted in other countries, so that performance audits carried out by national audit offices in different countries with different public administration models can be compared. For example, a comparative study of other Scandinavian countries may bring further knowledge to the findings of this study.

Another question for further research concerns the possibility of examining the government's and/or the central agencies' performance with a focus on both VFM audits (from good to bad) and compliance audits (right or wrong). Such a balance may influence the choice of methods and the quality of the audits conducted. A related question concerns how to balance the auditor's role as supervisor and the auditor's role as advisor. According to Morin (2003), the auditor's background and experience has an impact on which of the two roles will be dominant. The role as supervisor has a tendency to lead to an orientation towards accountability and compliance, whereas the role as advisor has a tendency to lead to an orientation towards value for money.

The issue of materiality and risk may also be of interest for further research. At the seminar with the Swedish national audit committee, we were encouraged to further investigate the relationship between the audits conducted by SNAO, and the state

budget and its 27 expenditure areas. We found that the SNAO prioritise some expenditure areas more than others, whereas parliament sets other priorities based on political considerations. Two expenditure areas are not audited at all, even though they represent approximately 13 per cent of the state budget. Consequently, it seems as though the state auditors habitually regard some expenditure areas as less essential and less risky to audit (see English, 2007).

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What is good performance?

Performing independent performance auditing

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Abstract

This paper reports from a study of how performance is stabilized by the Swedish National Audit Office (SNAO) in its audit reports. The paper builds on all the 206 reports published by the SNAO from its inauguration in 2003 until 2010 and analyzes the (28) audit of substance reports (Pollitt, Girre et al. 1999). By investigating the ways in which the SNAO makes it possible to answer the question of what constitutes good performance in the public sector, the paper suggests that the audit institution operates in three phases. In phase one, the SNAO must address the controversial task of defining performance. In phase two, this definition is tested by obtaining for creating evidence. In the third phase, the auditors mobilize benchmarks as a means to argue for good (or poor) performance. Unlike the arguments posed by the International Organization of Supreme Audit Institutions about using common sense to evaluate good performance, SNAO audit reports include arguments about what is “good” that emanate from other actors. The analysis of the paper builds on some analytical tools from Actor Network Theory. Specifically, the idea of a linguistic actor is developed and used as a means to show how the concept of “independence” helps the audit institution to become Mr. Somebody but impedes the possibilities of producing an answer to the question to what constitutes good performance.

Key words: Audit, performance, audit independence

Introduction

How do we recognize good (or poor) performance in the public sector? This question has been an object of study in accounting research. Although the relationship between government performance and the expectations of tax-payers has been studied for decades (Normanton 1966), the ways in which this performance can be understood have been considered problematic. Mancur Olson formulated one of the early positions, noting the “lack of readily countable outputs in jurisdictions or agencies that produce collective goods, and the resulting lack of objective bases for judging performance” (Olson 1978). With New Public Management (NPM) and the “accountingization” (Power and Laughlin 1992; Kurunmäki, Lapsley et al. 2003) of the public sector, performance evolved into something countable, and an explicit goal has been to exploit ways of by producing information that can be compared with global benchmarks (Kouzmin, Löffler et al. 1999; van Thiel and Leeuw 2002).

Although the critiques of performance measurements are plentiful (Power and Laughlin 1992; Kurunmäki, Lapsley et al. 2003; Adcroft and Willis 2005), these critiques often direct attention to the (unintended) effects of measurement (Leeuw 1996; van Thiel and Leeuw 2002; Adcroft and Willis 2005; Newberry 2008). That is, although there are many studies on the consequences of performance measurements, the question of how a phenomenon that is not “readily countable” and that “lacks a basis for judging performance” ends up in statements about good/poor performance still demands our attention. Not only is it possible to frame good performance in many ways (Boland 2001; Johnsen 2005), it is also possible to disagree on what good performance is in relation to political pressure (Guthrie and Parker 1999), time horizons (Ittner and Larcker 1998; Catasús and Grönlund 2005), norms and regulations, or perspectives in which interests and dependencies play a role. It is also possible that “good performance from a professional

perspective is poor performance in the system of performance measurement” (De Bruijn 2002, p. 584).

This paper analyzes an organization whose mission (as stated on their website) is to take the position of an independent actor to investigate “how well the [public organization] is achieving its goals and the appropriateness of the organization, operations, process, or function for the purpose.” More precisely, this paper builds on a study of the performance audits published by the Supreme Audit Institution (SAI) in Sweden, the Swedish National Audit Office (SNAO). As with many SAIs, the SNAO supplies audit reports relating to the performance of public sector organizations. These audits may be regarded as “a window” (Gendron, Cooper et al. 2001) through which external parties may assess an organization’s performance. Thus, the audits play a pivotal role in defining “performance” and what is considered “good”. Or, following the logic presented by Power (1996; 1997), it is by studying the performance audit that we may find how good performance is inscribed in society.

Previous studies have shown that, in practice, SAIs construct performance in two main dimensions. In their comprehensive study of performance audits in five European countries, Pollitt et al. (1999) suggest that it is possible to distinguish between (i) audits of substance and (ii) system audits. Audits of substance are audits in which performance is understood as thriftiness or economy, efficiency and effectiveness. Audits of substance are, as the label indicates, audits in which the performance of a specific organization is audited. System audits, on the other hand, are audits in which there exists an implicit or explicit standard for “good management practice” that may be transported and compared across the different types of services supplied by the organization. Pollitt et al (ibid.) concluded that the systems audit dominated the output of the SAI’s audit reports and several other researchers have

corroborated this finding (Glynn, Gray et al. 1992; Grönlund, Svärdesten et al. 2011). Van Thiel & Leeuw (2002, p. 273) stress that performance auditors mainly focus on “procedures rather than actual performance”, and Schwartz (1999, p. 522) argues that effectiveness audits are seldom carried out “directly”. The reason for this indirectness, some argue is that in practice, the idea of performance is problematic (Flint 1988; McSweeney 1988; McSweeney and Sherer 1990). Another reason for the focus on “good management practice” is that statements of good performance might be politically dangerous for auditors because such a statement leaves them open to critical claims of, e.g., flawed measures (Schwartz 1999). In a similar vein, Skærbæk argues that attempts to develop statements on good performance are problematic because the construction of a certain knowledge base (for, e.g., an efficient public administration) may place the auditors’ independence in question (Skærbæk 2009).

Even though performance is a multifaceted concept and researchers in performance auditing have found that “performance” in performance auditing does not consist merely of audits of substance, the prescriptive performance auditing literature (INTOSAI 2004, pp. 15-19) suggests that there are, in fact, commonalities among auditees, making it possible to carry out audits of substance by examining whether the organization is keeping costs low (Economy), making the most of available resources (Efficiency) and achieving its stipulated aims or objectives (Effectiveness). As research has shown, this “manifesto” (Pollitt 2003, p. 169) is not empirically valid. When researchers have studied audits of substance (i.e., of the three Es), the conclusion has been that “good” performance is difficult to pin down due to several, sometimes conflicting objectives in the public sector and the lack of audit criteria (Pollitt, Girre et al. 1999; Everett 2003; English 2007). What performance is and how it should be judged are open to interpretation by the performance auditor (Everett 2003; Power, 1997). This puts the performance

auditor in an epistemological dilemma: How can the performance auditor produce audits when the phenomenon being audited (performance) is in flux?

Still, several voices (in addition to the INTOSAI) have called for a shift in focus and for SAIs to increase the number of audits of substance (Pollitt, Girre et al. 1999; Pollitt 2003). For example, Reichborn-Kjennerud & Johnsen (2011) and Everett (2003) argue that system audits do not generate information needed to ensure political accountability. Another dimension of the critique comes from auditors who argue that performance audits beyond systems audits can create operational benefits by, e.g., identifying best practices that help the public organization to create more value for tax-payers' money (Lapsley and Pong 2000). One conclusion from the literature, then, is that the concept of performance in performance audits can be understood to encompass the execution in addition to the documentation and the transparency of internal processes. Another conclusion is that, although system audits dominate, there are both research interest in and empirical examples of audits of substance.

This paper aims to improve our understanding of performance in terms of the three Es, by detailing the ways in which performance is stabilized, which allows the auditor to give an opinion on good performance. We analyze 206 reports from the SNAO and select the 28 reports that explicitly refer to the three Es. We find that the process by which performance is stabilized consists of (i) delimiting performance, (ii) creating audit evidence and (iii) making judgments and presenting opinions based on the evidence (of good or poor performance). We also find that the SNAO attaches itself to other actors (i.e., becomes dependent) to remain independent, which corroborates Pollitt et al.'s findings. However, while Pollitt et al. see the relationship between independence and dependence as a paradox, we find that independ-

ence is continuously re-established by reliance on the statements and actions of other actors. To be independent, the audit institution cannot bring forward its own definitions, evidence or judgments because that would make it dependent on that particular idea of what constitutes “good” performance, i.e., a particular way of stabilizing “good” performance.

We draw on several theoretical resources to meet our aim. First, this study is informed by ideas emanating from Latour’s (1987) version of Actor Network Theory (ANT). Admittedly, the study is no “full ANT-study” in which we follow the chains of translations over time and space including all forms of actors. Still, as Justesen and Mouritsen (2011) demonstrate (and in some ways criticize), there are several ways in which ANT-inspired studies can be carried out. In this paper, we make use of the ANT-ideas of actors and allies and how these are invited into the network of a performance audit. The analysis is based on the idea that facts are constructed by actors that form alliances with other actors in networks to strengthen their arguments. By highlighting that our curiosity is directed to how performance is stabilized, we explore how things becomes stable (and not primarily how things change) because “[d]is-order – or other orders – are only precariously kept at bay (Law 2008, p. 145).

Second, in the analysis, we draw on the performance audit literature to develop our arguments of how the SNAO mobilizes resources to make statements about good performance. Certainly, state auditors are not the only actors that answer the question of what constitutes good or poor performance. On the contrary, it is fair to say that the public discourse of politicians (and the media) revolves around the issue of how to change the public sector and improve its performance. Thus, key issues is to examine how the SNAO becomes an important actor in a network by bending the space around it (Callon and Latour 1981). In other words, we need to examine

what makes it possible for the SNAO to attend to the question of “good” performance.

The paper proceeds as follows: In the next section we develop some of the ideas in ANT that we mobilize in our analysis. In the third section we describe the ways that we have classified, delineated and analyzed the empirical material. The fourth section starts with a short description of the SNAO, which is followed by four subsections where we present our findings. In the final section we summarize the findings and elaborate on the implications our study may have.

Theoretical resources

The main propositions in ANT are that an actor is never alone and that to act, an actor mobilizes other actors. This statement means that an analysis of performance auditing using ANT to explain how performance is stabilized, presupposes that performance auditors are involved in a process whereby diverse actors are associated into networks (Latour 1987). Different from the idea of independence, an ANT analysis would, at the outset, look for the ways in which an auditor’s position is strengthened through dependency and by mobilizing and enrolling other actors. Although this analysis portrays the network as a rhizome and does not predict clear links and causalities between actors, ANT does predict that arguments (e.g., about good or poor performance) become more convincing when an actor can mobilize a stronger network. Latour (1987) makes a point regarding the importance of quantity over quality, arguing that it is the number of actors attached to the action net that makes the difference between an ephemeral statement and a stabilized fact. By bringing on allies such as fellow proponents as well as convincing perceived foes to join the network, auditors increase the likelihood of turning beliefs about performance into facts of performance (Latour 1986; Latour 1987; Latour 2005). In other words, from an ANT perspective, the

performance audit is true when actors are convinced; it is not the case that actors are convinced when the performance audit is true.

Mobilizing actors, however, is not an easy task. To bring potent actors to the actor network, the potential contribution of the actors needs to be part of the endeavor. Latour (1987) argues that some actors are, inherently, more convincing than others because they are part of a strong network that makes them “Mr. Manybodies” (p. 31). And, although quality is at stake here, it is by the quantity of nodes in the network that the actor becomes strong. Here, Latour (1987) makes a case for the importance of mobilizing actors that, in turn, have many allies. Latour (1987) uses an example from the academic arena where referencing a Nobel Prize winner also constitutes a reference to all those who refer to him/her, thereby making one’s argument stronger. Thus, by referring to “Mr. Manybodies”, “Mr. Nobody” can become a “Mr. Somebody” (ibid., p. 31) in a network. Following this logic, the SNAO needs to mobilize Mr. Manybodies (i.e., actors that have many followers) into their network to become a Mr. Somebody (i.e., an important actor in the governance of Sweden). The success or failure of answering the question of good or poor performance thus depends on which actors are included in the network, and in which ways (Catasús 2000).

Actors, ANT suggests, are not necessarily humans. Rather, an actor is any element that makes other elements dependent upon itself and translates their will into the language of its own (Callon and Latour 1981). This approach opens up the possibilities of including non-human actors in the analysis and following how different types of actors are assembled to form a fact. Whereas non-human actors are predominantly physical artifacts in studies of science in the making (Latour, 1987), some accounting studies have emphasized the role of language (Catasús 2001; Fauré, Brummans et al. 2010). Specifically, the argument is that organizations act through words (Cooren

1999). Czarniawska-Joerges and Joerges (1990) argue that verbal inventions themselves may be treated as things and, as ANT and others (Bloor 1999) have demonstrated, an investigation that excludes non-human actors may be insufficient. Thus, when approaching a setting in which concepts matter, these non-human actors should be included in the analysis because they “play a real part in furthering an organization’s productive activities” (Cunliffe and Shotter 2006, p. 120). If one accepts, as we do, that performance auditing is mostly about communicating with language, an investigation into how performance auditing assembles statements about good/poor performances should include linguistic actors in the analysis.

An important trait for an actor is that it may perform better than others and have more influence on an outcome. Consequently, some linguistic actors are more influential than others. For example, Catasús (2001) shows that the term “profitability” is an actor that is often mobilized in argument’s that environmental issues are worth attention. Similarly, “independence” is a concept that, although problematized in literature, is habitually attached to the concept of auditing. Whereas an auditor’s independence is perceived as a commonsensical ambition, the idea of a “dependent auditor” would likely be seen as an oxymoron (Bazerman and Moore 2011; Jamal and Sunder 2011). This example illustrates how certain relationships between actors might be taken for granted or, in ANT-terms, are black-boxed.

This (short) exposé of some central concepts in ANT provides us with a focus on the relationships between the SNAO and other actors, which will help answer the question of good performance in the public sector. By investigating these relationships, and unfolding the ways by which the performance auditor promotes the answer, we gain insights into the fragility of a concept such as “good performance” and have the opportunity to display the actors that play leading roles in the construction of facts.

Methods

To investigate the ways in which the SNAO stabilizes performance (in terms of the three Es), we have used two main sources of empirical material. First, to display from which position the audit institution enters into the performance debate, we studied the regulatory frameworks (such as Swedish Law), the global recommendations and principles produced by the International Organization of Supreme Audit Institutions (INTOSAI) and the documents and the website in which the SNAO suggests that it is an actor that should be included in the action net.

Second, this paper builds on an investigation of all (i.e., 206) performance audit reports published by the SNAO from its establishment in 2003 to the end of 2010. Performance audit reports constitute the most tangible output of state auditing work and provide a relatively large amount of information on the nature of the work, compared to audit reports of private sector auditors (Gendron et al., 2001). The reports show the end result of what performance auditors are doing under the guise of performance audits (Schwartz, 1999). Using the reports published between 2003 and 2008, Grönlund, Svärdsten et al. (2011) reported that systems dominate the output from the SNAO, a finding corroborated by earlier studies (cf. Pollitt, Girre et al. 1999; Schwartz 1999; van Thiel and Leeuw 2002; Pollitt 2003; Johnsen 2005).

In this paper we re-analyzed the reports that Grönlund, Svärdsten et al. (2011) labeled under the headings Economy, Efficiency, and Effectiveness. We also looked at all the reports published by the SNAO between 2009 and 2010. This process left us with 28 reports that, explicitly, aimed to answer the question of good performance beyond a systems audit approach. These reports, i.e., the reports with the explicit goal of auditing the substance of performance, make up the empirical corpus for this paper. Consequently, the study uses a minority of the published reports and focuses on the audits in

which the auditors stabilize the ephemeral ideas of economy, efficiency and effectiveness. A short description of the reports is found in the appendix.

When approaching the material, we had two main concerns. First, we studied the ways in which the SNAO becomes an (important) actor. To unfold the network supporting the SNAO, we first studied the laws and regulations that bend the space around this organization. These texts were analyzed using the concept of “independence,” which our analysis showed was the strongest actor supporting the SNAO. Earlier work, e.g., Khalifa, Sharma et al. (2007), has analyzed the auditing discourse by “interpreting and understanding processes of objectification of audit firms’ actions” (p.830). In this paper, however, we looked at concepts as if they were actors. At the outset, we cannot know whether they perform (Latour, 1987) merely by studying the reports. To understand the performative aspects of auditing concepts, we would have to follow the chains of translations. Nevertheless, as a proxy, we looked at the way some concepts recur as arguments and we argue that these concepts are perceived as linguistic actors by the SAI.

Our second concern dealt with how the SNAO reaches a conclusion about good or poor performance and makes that conclusion stable enough to publish it in a performance audit report. When reading the audit reports, we realized that this question could be divided into three sub-questions. The questions (below) guided our “labor of division” of the audit reports:

- How is performance delimited? I.e., how do the auditors delimit the vast possibilities of approaching performance?
- How is auditing evidence created?
- How do the auditors answer the question of good performance? I.e., how do they make judgments and present opinions of good or poor performance on the basis of their evidence?

Following the three questions, we divided the material into three categories in a scrapbook that was used as a source from which we drew illustrative quotes. This strategy made it possible to divide the audit process into three different phases: delimiting by defining performance, linking numbers by creating evidence and providing judgments and opinions about good performance. As will be shown, this strategy of division did not make up an ideal model of classification but served as a heuristic tool for making sense of how the SNAO makes it possible to answer the question of good public performance. To be clear, the three phases (relating to the three research questions) were not about the cognitive schemata guiding the auditors. Rather the three-phase presentation relates to the way the SNAO presents its findings and conclusions in the audit reports.

On the Swedish National Audit Office – the establishment of independent state auditing in Sweden

The importance of state auditors' independence from the executive is well-established in previous performance audit studies. Gendron and colleagues (2001) explain that independence is a crucial claim upon which the legitimacy of the state auditors is grounded and that enables auditors to execute their mission. Normanton (1966) suggests that thanks to the state auditors' independence, the legislature and the general public have a reasonable assurance that inefficiency and financial abuse will be disclosed. Otherwise, the legislature and the general public would have to take the word of the executive. Funnell (1994) states that independence enables state auditors to criticize the administration and its executive. Schwartz (1999) suggests that state auditors' high degree of independence makes them promising candidates for "bearing the responsibility of evaluating public agencies" (p. 511). State audit laws grant supreme audit institutions independence from both the executive and the legislature concerning the choice of audit topics and the publications of findings. This independence is supposed to protect supreme audit

institutions from political influences that could limit their efficacy (Schwartz, 1999). Thus, from the perspective of state audit laws, the independence of a supreme audit institution is paramount, making the audit institution a “Mr. Somebody” in debates about public sector performance. In Sweden, however, the constitutive independence of the SAI was established relatively late.

In 2003, the SNAO was established with the task and authority to independently carry out recurrent performance audits in the Swedish central government. The establishment of the SNAO was the result of a merger between two predecessors. Before the merger, Sweden was one of the few Western democracies without independent state auditors reporting to parliament. “Riksdagens revisorer” consisted of elected politicians and had strong constitutional support but limited resources. “Riksrevisionsverket” was an executive agency under the government with more resources but weaker constitutional support. With the establishment of the SNAO, Sweden gained a new, coherent audit office with strong constitutional support and a mandate to independently conduct performance audits. To “independently conduct performance audits” means that the SNAO shall “be able to choose what to audit without political pressure, independently conduct the audit and independently formulate the results of the audits” (Ahlbäck Öberg 2011, p. 167). The SNAO has the task of producing knowledge about public sector activity but has no authority to carry out sanctions against agencies. The SNAO represents Sweden’s Supreme Audit Institution and reports to the Swedish parliament.

Findings – stabilizing good performance

Phase zero - independence as a linguistic actor

In the words of the INTOSAI, performance auditing has the potential to ensure both managerial accountability and political accountability and to im-

prove the quality of the services provided by the public sector. The critical factor, i.e., the actor on which the success of performance auditing is organized is “independence.” Independence is also the core characteristic that was demanded of the commission of inquiry, prior the change in regulating the SNAO:

The new audit authority shall comply with generally accepted auditing requirements for independence, which refers to (1) the institutions freedom to decide the selection of audit items; (2) the selection of audit methodology; (3) and the audit conclusions (Statens Offentliga Utredningar 2002, p. 9).

The independence of the SNAO is protected by the Swedish Constitution, which makes it impossible to re-regulate independence without a new election to Parliament. This requirement is not something that is ignored or made invisible by the SNAO. Instead, the SNAO communicates this requirement explicitly in its annual reports (Riksrevisionen 2008; Riksrevisionen 2009; Riksrevisionen 2010) where the ally (Latour 1987) of the quality of the report is brought to the forefront.

Drawing on a specific logic of independence, Swedish law requires the SNAO to carry out performance audits that:

[...] focus mainly on the examination of management, resource utilization, effectiveness and social benefits. As part of the performance audit, suggestions of alternative measures to achieve the intended results must be submitted (Act on Auditing of State Activities etc 2002, § 4).

To operationalize this process, the SNAO has developed some “Principles underlying the audit operations” (Swedish National Audit Office 2012). The first sentence, paving the way for the principles, also presents independence as the core resource (or actor) for making it possible to produce audit reports: “The Auditors General decide independently [...] on what is to be audited, how the audit is to be conducted and its conclusions” (ibid., p. 6).

Although briefly illustrated, the ideal, which is sometimes formulated as the precondition, of performance auditing is that the auditor is independent from the auditee. Arguably, the idea of an ideal of independence comes from the concerns that researchers and policy makers of financial auditing have raised regarding the problems of dependence. One of the hypotheses driving this concern is the idea that competence and independence are “characterized as mutually inclusive features of an audit” (Lee and Stone 1995, p. 1169). The reason for this, Power (1996; 1997; 2003) argues, is to perform a high-quality audit that is produced by an expert considered institutionally accepted.

At the same time, Power (2003, p. 199) notes that “a certain degree of auditor dependence on the auditee is desirable and necessary” and that “the inherent negotiability of some matters will dilute epistemic independence” (ibid, p. 198). In fact, an independent expert can be regarded as a contradiction in term because experts, such as performance auditors, rely on their network (which includes the auditees) to sustain their status as an expert (Latour 1987). Although the issue of independence often has explicit support in laws and regulations, there is a continuous threat to the credibility of performance auditors stemming from, e.g., political pressures or the “[h]eated debates about auditor independence [that] accompanied NPM reforms” (Skærbæk 2009, p. 972). Both Skærbæk (2009) and Gendron and colleagues (2001) show how independence is made maneuverable, indicating

that the linguistic actor “independence” is also an assemblage of ideas that may form a link in a chain of translations. The way the SNAO repetitively aligns to “independence” and the ways in which it justifies its existence constitute what Skærbæk (2009) calls purification. Arguably, the independent auditor is dependent on the idea of independence. In line with many other performance audit studies, we find that the linguistic actor of independence is a crucial ally that enables the SNAO to become Mr. Somebody in the Swedish debate over public sector performance. Thus, keeping independence black-boxed is of crucial importance for the state audit institution.

Our second concern is how the SNAO reaches a conclusion about good or poor performance and makes this conclusion stable enough to publish in a performance audit report. The remainder of this chapter addresses this question and follows the division outlined above: delimiting performance, creating evidence and presenting judgments and opinions about good or poor performance.

First phase - delimiting performance

Traditionally, public sector performance is framed in grand models such as the input-output-outcome-model and, in a variation thereof, the three Es (economy, efficiency and effectiveness). Other models available to frame performance include quality audits and strategy audits (e.g., the balanced scorecard). Each of these models, in turn, can be understood in a plethora of dimensions. The choice of which part of the state that should receive a performance audit is also unclear. For the SNAO, the myriad ways to define performance present a difficulty because choosing a definition excludes possibilities and threatens the ideal of independence. To solve that difficulty, the SNAO invites other actors into the action-net to delineate performance in a way that does not challenge its independence.

In the audit plan of 2011-2012 (Swedish National Audit Office 2012, p. 13), the SNAO presents the process by which it starts stabilizing the idea of performance:

Firstly, there is a broad, ongoing strategic analysis of trends, challenges and problems within the state activity. Interesting issues that arise from this process may then become the subject of more in-depth analysis.

In essence, then, the state activities that should be framed as performance in a performance audit, are dependent on the SNAO's work of continuously gathering and analyzing information about the state. This work means that the SNAO acts as a center of calculation, "a standardizing subject [...] where records can be collected and compared and categories of equivalence developed" (Samiolo 2012, p. 399). The laws regulating the SNAO do not oblige it to disclose the reasons why a particular aspect of the state is chosen for a performance audit. Instead, and in line with the ideals of independence, the law states that the auditor general decides for him/herself.

However, even though the auditor general becomes a Mr. Somebody in the eyes of the law, this status does not seem sufficient to stabilize performance. In the performance audit reports, the SNAO mobilizes Mr. Manybodies by framing performance via references to statements from parliament and government or statements in the law. On some occasions, the SNAO also refers to research findings or statements from global institutions such as the United Nations or the International Monetary Fund. Typically, the report starts of by disclosing the ambitions of Mr. Manybodies, and these statements become arguments for how one approach to performance can be preferable to another one. An example of this is an audit (2006:22) of the Swedish Employment Agency's efficiency, in which the SNAO states the following:

The audit takes as its starting point statements made by the government and by the parliament relating to the need for an efficient matching process [i.e., the matching between job-seekers and employers] and an efficient employment agency. The government has, among other things, stated that the Swedish Employment Agency's basic task is to support job-seekers and employers in their search for jobs and employees and thereby make the matching process more efficient in the labor market (p. 14).

Here, the statements about the matching processes are mobilized by the SNAO to delineate what to look for in the Swedish Employment Agency. Another example is an audit (2010:3) of the results of the “merger-reform” of central agencies. The SNAO states that:

The starting point [for the audit] is the statements from the government and the parliament that the merger shall result in more equal treatment, or, as it is also expressed, a more equal decision-making and better handling with respect to quality and rule of law (p. 15).

In this case, the SNAO finds direction in the government's and the parliament's desire for the merger. Another example is an audit (2010:22) of maintenance support for single parents, in which the auditors draw on statements from the government and the United Nations:

The government says that [family] policy shall be designed so children in financially vulnerable households get support. [...] The government has since 2002 had the goal that maintenance

support shall be regulated directly between the parents [...] the government has two reasons for this goal. First, the state can save administrative costs if more parents with the capacity to pay manage the maintenance on their own. Second, many children can receive higher maintenance if more parents calculate the maintenance according to the Children and Parents Code. [...] Since 1989, the UN Convention on the Rights of the Child has stated that the convention's states shall ensure that every child has the living standards necessary for physical, psychological, spiritual, moral and social development (p. 15).

Yet another example is an audit (2004:24) of the time spent by the Swedish Migration Board on asylum probations. The performance auditors explain that parliament has emphasized the importance of conducting asylum probations as quickly as possible. The auditors also refer to a statement from the government that "open cases that have not been heard by the first instance should not be older than six months" (ibid., p. 25).

As seen in the examples above, the degree of detail differs in the guiding statements from the government and/or the parliament. Whereas the audit of the Swedish Migration Board is guided in detail by the statements about the time spent on asylum probations, which is used as a criterion for evaluating efficiency in the audit, the statements about "the merger reform" such as "better handling with respect to quality" is not that clear. Although the SNAO can independently choose what to audit and portrays itself as a center of calculation in its audit plan (Swedish National Audit Office 2012, p. 13) the SNAO depends on other actors to define and delimit performance.

Second phase - creating evidence

For audit to be successful, the auditor must be able to produce audit evidence that can be judged against some sort of criteria. As stated above, in perfor-

mance audits the lack of criteria seems to be one of the obstacles for conducting audits of “actual” performance (Pollitt, Girre et al. 1999; English 2007). In line with Flint (1988), Pollitt, Girre et al. (1999) argue that all audit judgments are based on criteria and the performance audit is no exception. Evidence acquires meaning only when judged against a criterion.

In addition to the need for criteria, performance can be regarded as a concept “subsumed under the goal of verifiability” (Power 1996, p. 301). The goal of verifiability leads to a demand for material traces, i.e., different forms of documentation that make performance auditable. These material traces create a “layer of facts” (p. 309), or what Bay (2012) calls a bricolage, that makes performance audits possible. The result is that an audible surface is created on which the audit can work independently of “substantive performance” (Power 1996, p. 309). Audit evidence is thus an actor that must be mobilized if the auditors want to go beyond the first phase of stabilization, i.e., delimiting performance. Thus, the “audit trail logic” (Power, 2009, p. 852) becomes a prerequisite for performance to exist and be evaluated as good (or poor).

As mentioned above, the SNAO in rare cases finds clear guidance in statements from its mobilized allies in the first phase of the stabilizing process (e.g., audit 2004:24). However, in most cases, the SNAO has to operationalize these statements. A general theme in the audit reports, in line with the ideal of independence, is that the auditors do not merely use information provided by the auditee, which also confirms Power (1997). Rather they tend to create new information based on the information they gather. In several of the reports, the SNAO produces performance indicators. In the report (2006:22) on the public employment services, the SNAO takes two numbers available from the auditee’s reports (costs and number of services) and makes a productivity ratio. This ratio gives the cost per service that, in turn,

is used to compare the ratio with an earlier evaluation made by another state agency (Statskontoret). The way the SNAO produces evidence is to combine numbers that the auditees did not combine themselves. Another example of this phenomenon is an audit (2010:25) of cost control in major road investments. Here, the SNAO scrutinizes the calculations of costs carried out by the Swedish Road Administration/the Swedish Transport Administration. On the basis of findings in research about infrastructure investments as well as a “customary price index” (p. 8) the SNAO carries out alternative calculations that indicate higher costs. The SNAO argues that this is a more accurate way of calculating costs. This behavior can be regarded as an attempt to develop a best practice (Lapsley and Pong 2000).

The quantitative evidence that the SNAO produces by combining numbers emanating from different actors, different times and different places are sometimes put into, e.g., statistical models or DEA-analysis. Here, technologies that are described as recognized models and methods (e.g., 2006:22, p. 48; 2008:16, p. 55) in the reports are mobilized. The SNAO also uses “experts” to help carry out the calculations. In the case of an audit (2008:16) concerning reduced social security costs, e.g., the SNAO consulted the Institute for Evaluation of Labour Market and Education Policy (IFAU) to evaluate employment effects.

Certainly, there are audits in which the auditors use information “as it is” from the central agency included in the audit without any further divisions or alterations, but in these instances, the main auditee is the government rather than a particular agency. One example of this is an audit (2006:9) concerning national support for dental care for the elderly, where the SNAO uses cost information from the National Insurance Administration. The main auditee in this audit is, however, the government and not the central agency. Evidence is constructed by visualization, indicating that the numbers, which

were already there, where not seen. In fact, the numerical audit evidence that the SNAO presents in its reports has a commonality, which is that published audit evidence attempts to reveal something that was opaque.

Evidence is not, however, merely built on numbers; there are also witnesses from experts. One audit that uses expert knowledge and “best practices” is an audit (2010:17) of investment management in governmental trust funds. In this audit, the SNAO explains the following:

The parliament’s statement about ‘qualified asset management’ implies that we consider it relevant to suggest that the asset management shall meet high quality demands. However, to find clear grounds for quality judgments is difficult [...] as the basis for our judgments about asset management in the trust funds, we have used best practice, that is based on the experience of experts within the area of asset management (p. 15).

To produce evidence of contra-factual situations, the SNAO uses surveys and interviews. In an audit (2006:28) of the governmental employment subsidies, the performance auditors used existing statistics about the number of people with subsidized jobs that obtained unsubsidized regular employment. Still, because the statistics do not say much about “substitution effects” (p. 36) (when an employer hires a subsidized individual rather than an unsubsidized individual) or “dead-weight effects” (p. 36) (when an employer hires an individual that this employer would have hired anyway) the auditors create information on their own through surveys to employers regarding the impact of subsidies on their hiring practices. The SNAO has studied substitution- and dead-weight effects because parliament has expressed concerns about them and because findings in previous research suggest that they are likely to occur. Another example is an audit (2010:26) concerning national

efforts to delimit profits from criminal activities. On the basis of available statistics, the SNAO establishes that early legal actions are likely to have an effect. Through surveys to and interviews with civil servants in the ministries and governmental agencies included in the audit, the SNAO concludes that it would be possible to take earlier action within the legal system.

In rare cases, the auditors operationalize statements from allies mobilized in the beginning of the reports without referring to other actors. In an audit (2010:3) concerning a merger of central agencies, the audit report refers to statements from the parliament and the government that the reform shall lead to more equal treatment or a better handling of cases with respect to quality and the rule of law. The auditors then state the following:

A clear definition of more equal treatment or a better handling with respect to quality and rule of law is neither provided by the parliament nor the government [...] On the basis of the statement by the parliament and the government, we consider it reasonable that the variations in handling shall have decreased significantly in 2009 as compared to 2004 in the concerned agencies. A measure of uniformity is thus the absence of differences between different local offices [...] Another measure of uniformity is that the time to respond does not significantly differ between the different offices (p. 15-16).

In sum, to construct evidence, the auditors begin by translating the statements mobilized in the first phase. These statements, however, demand that the SNAO mobilizes new allies to establish criteria and construct the necessary evidence. The construction of the evidence follows the same logic of attaching allies. Not just anybody, however, is an ally worth bringing into the network; the SNAO repeatedly comes back to the idea of “recognized”

models and methods and “experts.” These allies, in turn, produce evidence by carrying out calculations or acting as expert witnesses. Yet another way to construct evidence is to reach out to “many bodies” by interviewing or surveying stakeholders.

Third phase - presenting opinions

To follow the instruction in the law (Act on Auditing of State Activities etc 2002, § 4), i.e., to submit suggestions on alternative measures to achieve the intended results, the SNAO must answer the question of “what is good performance in the public sector?” Whereas “performance” was stabilized by definition and the creation of evidence in phase one and phase two, other issues surface in the attempt to stabilize “good” performance. INTOSAI (2004, p. 103) gives a hint as to how SAIs may approach this question: good performance is “a reasonable and informed person’s expectation of ‘what should be’.” Again, this definition builds on the idea that the SNAO becomes a reasonable and informed actor by virtue of its independence as well as by making use of “external and independent advice to enhance the quality and credibility of their work” (INTOSAI 2010, principle 8). Answering the question, however, is problematic. Therefore, rather than answering whether performance is good (or poor), the SNAO presents the answer by benchmarking to other statements. In phase three, then, the SNAO presents benchmarks.

In a few audits the auditors find a criterion in the audit material that can be constituted as a benchmark. One example of this phenomenon is an audit (2004:17) of the state’s collection of mandatory fees, where the SNAO explains:

The parliament has decided that full cost coverage shall be applied for the fees. This means that revenue from the fees shall

not exceed the cost of supplying the product or service that is subject to a fee (p. 9).

Although the concept of “full cost” is problematic, there are ways to present evidence by mobilizing experts and giving a judgment of the mandatory fees. In these few cases, good performance is defined by the auditees. Whether the “full cost” ambition relates to good performance, is left out of the discussion.

In fact, in most of the audit reports “good” is exchanged, e.g., for “more,” “less,” “different,” or “higher”, to produce implicit statements about what is good. In an audit (2007:30) of asset management in five foundations the SNAO compares five foundations’ return on capital against each other and against an index. Yet another example is an audit (2010:21) of the state’s efforts to reduce alcohol consumption among teenagers. The SNAO draws on statements from the Swedish Institute of Public Health, which state that funds preferably shall be devoted to evidence-based methods, i.e., statements about “best-practices.” To establish what the evidence-based methods are, the auditors draw on previous studies from the Swedish Institute of Public Health and Swedish universities. Another example where “best-practices” are used as a benchmark is an audit (2006:21) of the treasury in state’s property holdings. In this audit, the audited companies are compared, and on the basis of the results of the comparison and “best-practices” for treasury management, the auditors suggest that there are alternatives that would decrease costs and increase revenue. In these reports, the SNAO finds benchmarks for the auditees’ performance in a variety of ways. By using benchmarks to compare performance (in terms of time, place, stakeholder, “best practice”) there will, in most cases, be a distribution so one auditee comes out with different results than the other.

The development of benchmarks is not, however, sufficient to relate to the issue of what is “good.” In the audit (2006:22) of the Swedish Employment Agency’s productivity and efficiency the audit report includes a section in which the auditors explicitly state that they do not know what efficiency is:

The SNAO has no definition of how effective labor exchange works. The Swedish Employment Agency’s efficiency is measured through comparisons between the local offices. The offices that mediate the most jobs are regarded as the most efficient. Consequently, it is the agency and its conduct that define efficient labor exchange (p. 15).

There are also audit reports in which the SNAO expresses the difficulties with reaching a conclusion without available benchmarks. In an audit (2009:30) of the relocation of government agencies, the SNAO uses “customer surveys” (p. 62, 82, 105) to audit the quality of the relocated agencies’ services and concludes that the “customers” are satisfied. However, the auditors also explain that they do not have anything with which to compare satisfaction levels from before the relocation and this makes it difficult to say what kind of effects the relocation has had. In an audit (2006:29) of armed forces logistical reform, the SNAO explains that it is difficult to conclude whether costs have decreased or efficiencies increased due to insufficient information from before the reform. In this case, the auditors rely on interviews with personnel and establish that there are potential ways to increase efficiency. In an audit (2009:10) concerning the Swedish psychiatry, the SNAO, among other things, sets out to see if the supply of personnel is sufficient. However, the auditors explain that it is difficult to establish the need for psychiatric care, which makes it difficult to establish if the supply of personnel is sufficient. The auditors draw on findings in an official report of

the Swedish government and media coverage (concerning, e.g., long queues) that suggests that the supply of personnel is not sufficient.

In two audits, the SNAO relies on INTOSAI's statement (2004, p. 103) regarding the commonsense criteria of a "reasonable and informed person's expectation." In the case of the audit (2006:28) of the efficiency and effectiveness of governmental employment subsidies, the auditors establish that the net effect of the program is 24 per cent. This value is regarded as "low" (p. 66) without any further reference or explanation. The other example is an audit (2007:5) of the government's tax forecast, in which the forecasts are compared with those of other forecasters. Although the different forecasts show the same deviation from the results, the auditors state that the government's forecasts show "large deviations" (p. 37) and that the forecasts are "weak" (p. 37) relying on the auditors' own commonsense interpretation.

To sum up, the auditors generally mobilize allies when they present opinions via benchmarks, expert knowledge, interviews or surveys. The opinions are, consequently, not the independent auditor's opinion, and represent the collective efforts of a wider network. As an indication of the importance of this network, we find that when the network is too weak, the auditors refer to insufficient material for comparison rather than providing opinions in terms of common sense. In a few cases, however, the auditors make use of their position as Mr. Somebody in the Swedish debate about public sector performance and provide judgments without referring to an external network of actors.

Discussion

Although this paper suggests that the audit institution needs to pass through three phases to stabilize "good performance," there is no specific reason why these phases should follow each other in some specific order. If we follow

Power's (1996) logic about how auditing comes first, it is more likely that the creative process of setting up a performance audit relating to the three Es, begins with the potentiality of saying something about "good performance." In other words, the process starts with phase three. In the first phase, the performance auditor needs to delimit the universe of possible facets of performance. Nevertheless, the audit reports are presented in what we analyze as three phases following each other.

In the first phase, the SNAO conducts a "broad, ongoing strategic analysis of trends, challenges and problems within the state activity" (Swedish National Audit Office 2012, p. 13). Whereas this effort is often compared to an independent SAI (i.e., the freedom to choose what to audit), it is merely the beginning of an arduous journey in which performance has to be defined, evidenced and judged. This freedom of choice, moreover, does not mean that the SNAO is independent. In fact, it seems to be compelled to make reference to other actors' (most often the auditee's, e.g., the Government's) statements about what performance could be. However, this delimitation of a vast universe of possibilities does not suffice.

In general, audit practices build on the assumption that the subject matter of the audit (i.e., performance) is verifiable in terms of the existence of criteria against which observed evidence can be judged (Flint 1988; McSweeney 1988; McSweeney and Sherer 1990). In contrast to the standards in financial auditing, performance auditing raises questions about framing a sub set of performance and the means by which the performance auditor constructs evidence (McSweeney 1988). As suggested by McSweeney (*ibid.*), the selection of criteria used to conduct formal evaluations is a process of implicit judgment. As we have argued above, neither performance nor performance indicators are out there to be collected. As a center of calculation, the SNAO acts as a "standardizing subject [...] where records can be collected and

compared and categories of equivalence developed” (Samiolo 2012, p. 399), which means that the SNAO via what Latour (1986; 2005) would describe as an ostensive definition, could establish criteria for “good” performance without reference to anything but itself.

Even though the SNAO is described as a Mr. Somebody in the Swedish Constitution, the performance audit reports suggest that the state auditors view themselves as Mr. Nobodies in regard to defining performance. The recurrent references to the government, the parliament, laws and/or previous research findings can be regarded as an attempt to mobilize Mr. Manybodies when motivating the audit topic in the reports, even though the SNAO in principle has the mandate to independently decide what to audit. This implies that there is a low degree of predictability in what constitutes performance and it is fair to conclude that public sector performance is a phenomenon in flux. Additionally, and in line with previous research findings (Pollitt, Girre et al. 1999; English 2007), we find that statements from the allies mobilized in the beginning of the reports are often too vague to be used as criteria against which audit evidence can be created and judgments presented. At this stage in the audit reports, the auditors seldom act as Mr. Somebodies by establishing criteria on their own. Instead, the auditors mobilize new actors; they conduct measurements in ways similar to what has been done previously by other actors, draw on previous research findings, use “recognized” models and methods, and use experts for carrying out calculations as well as expert witnesses and statements from stakeholders through interviews and surveys.

If performance has to be constructed by mobilizing actors to delimit performance and to create evidence, then the criteria of good and poor performance cannot be easily attached to the argument. In fact, reporting from an

early effort in Brian of translating a “clear” definition of the three Es into possible criteria, McSweeney (1988, p. 32) concludes:

Desirable, and indeed simple, as the criteria may appear to be, their meanings are complex and their use for auditing or managerial purposes is often problematic, indefinite, and capable of different and conflicting interpretations.

The findings in this paper confirm this notion that the interpretation of audit criteria and evidence can be challenging. When the auditors confront the challenge using benchmarks, expert knowledge, interviews or surveys, thereby positioning the judgments and opinions within a wider network of actors, the auditors do not have to stand alone with their judgments. Indeed, in the few (two) cases in which the auditors present opinions about good or poor performance without mobilizing external actors, the auditors are alone apart from their allies of independence and quality. However, as stated above, these allies are crucial for the SNAO, which can also be seen in the process of stabilizing performance. In all the reports, the ideal of independence is protected, in the sense that the auditors never rely on data from the auditee without working on it and/or combining it in a way that the auditee did not do. Still, the reluctance to provide judgments when a network of actors (beyond independence and quality) is lacking, which we have observed in some of the reports, suggests that this network of allies is important for the auditors.

Other scholars have recognized performance auditors’ reluctance to conduct audits of substance, and when doing them, their preference for not providing opinions without relying on, e.g., well-established methods and criteria for performance (i.e., a network of allies). In addition to the well-established notion that it is difficult to determine audit criteria for public sector perfor-

mance and that management systems constitute “surfaces” that make audits possible (Power; 1996; 1997), Schwartz (1999) suggests that the reluctance among state auditors to provide judgments in terms of, e.g., good or poor effectiveness without relying on well-established methods may result from the potential risk of losing legitimacy by being accused of flawed measures. Our ANT-based argument that the SNAO mobilizes actors to strengthen their arguments is in line with Schwartz’s suggestion that to give opinions without mobilizing allies might be risky. One risk is that if the SNAO is incapable of bringing in allies and its statements do not become nodes in any action net, then that in turn makes the statements easier to dismiss. Pollitt (2003) sees this incapacity as a paradox because the independent audit institution is dependent on mobilizing actors to reach judgments about performance, which this study confirms. However, what Pollitt describes as a paradox, we see as a means to become Mr. Somebody. By viewing the SNAO as an actor that continuously needs to argue for its relevance, we may conclude that the SNAO must always re-establish its independence. This means that they need to keep performance in flux and only stabilize it at certain times. Additionally, the audit institution will not risk opening the black box of the linguistic actor (i.e., the concept of “independence”) by defining performance, producing its own evidence and making commonsense judgments.

As shown above, there are many ways of defining and delimiting “good” public performance, which in turn makes a specific interpretation an act of implicit judgment (McSweeney 1988). If the SNAO gives an opinion, it will take on a particular translation of, e.g., efficiency. Such a definition would make the auditors dependent on that particular idea and, if Power (1996; 1997) is right, affect the way the auditee organizes around the evidence of that particular interpretation. Independence, then, means avoiding being dependent on a particular way of delimiting and operationalizing performance. To mobilize allies and produce judgments through, e.g., benchmarks,

the SNAO manages to balance between the two conflicting ideas of having a mission to answer the question of what constitutes good performance and the identity of independence that supposedly ensures audit quality. To make judgments in a network of allies makes it possible to comment on performance and at the same time protect the ideal of independence. This process, in turn, may be an additional explanation of the tendency among SAIs to carry out audits of management systems. In system audits, in which there exists an implicit or explicit standard for “good management practice” that may be transported and compared across different types of services, it is relatively easy for the auditors to protect the ideal of independence by referring to general standards of “good management.”

In a recent attempt to question the taken for granted relationship between audit quality and independence, Jamal & Sunder (2011) present a study of auditors in the somewhat different empirical setting of certification of baseball cards. The expertise and immersion of the certifiers (and their apparent lack of independence) is more highly valued than their independence because the scrutinizers’ expertise is perceived as important for the quality of the “audit.” Although this study is conducted in an empirical setting very different from state auditing, it raises questions about the taken for granted relationship between auditing and independence. This paper shows that when an auditor gives an opinion about performance, a complicated network of actors is involved to sustain the idea of independence because a performance auditor’s main objective is to be independent. Independence, however, relies on being able to enter the discourse of performance. An independent auditor that has nothing to say about performance may be independent, but other descriptions might be more valid. To make statements about performance, auditors must attract actors that support their way of framing performance. By becoming a node in this network of actors, in which “independence” must be seen as an obligatory point of passage, the audit institu-

tion may position itself as a Mr. Somebody and become the “center of calculation” (Latour 1987, p. 215; Samiolo 2012) that can stabilize the idea of good performance.

If we again return to the question of what constitutes good performance in the public sector, we find that Olson’s (1978) worries about countable outputs and the lack of objective judgments may indeed still be relevant. Nevertheless, SAIs occasionally answers this question by providing reports with countable and judgeable data. What we have shown is that the answers could have been very different depending on the use of the independence ideal. The ways we produce opinions of good performance in the public sector is an issue worth additional attention. Whereas the critique against auditors might be that they are too dependent, another hypothesis might be suggested, namely that independence hinders evaluation and dialogue. Maybe it is time to unpack “independence” as a black-box?

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Appendix

Report No./Name	Delimiting performance	Creating evidence	Judgments and opinions
2004:4 The state guarantee model.	The auditors refer to the Parliament's plan to tighten control over increasing costs.	The auditors gather and examine available data from concerned agencies and conduct interviews with civil servants at concerned agencies and government ministries. A consultant is used to interpret the results.	The auditors reach a conclusion with the help of the consultant.
2004:10 Aid through the embassies.	The auditors refer to the Parliament's statements of the importance of efficiency.	The auditors use information from accounting reports.	The auditors conclude that cost per aid allocated has increased over time.
2004:17 Correct fees? The state's collection of mandatory fees.	The auditors refer to the Parliament's decision to apply full cost coverage in the mandatory fees.	The auditors study annual reports and information from the Swedish National Financial Management Authority about mandatory fees.	Based on the clear criterion obtained from the statements about full cost coverage, the auditors conclude that the mandatory fees are too high.
2004:21 The Swedish Social Insur-	The auditors use statements from the Parliament about its plans	The auditors scrutinize documents filed in the Swedish Social Insurance Agency regard-	The auditors conclude, with the help of the concerned civil servants, that the Swedish

ance Agency's procurement of rehabilitation services.	concerning the procurement of rehabilitation services. They also refer to concerns expressed by the Government over costs of rehabilitation.	ing the procurement of rehabilitation services. The civil servants responsible for the procurement is involved in this process.	Social Insurance Agency has procured services that it could have carried out on its own. Using internal resources would have been less expensive.
2004:24 Faster asylum procedures	The auditors refer to the decision from the Parliament that asylum probations shall be characterized by "short procedures." The auditors also draw on statements from the Government that probation times should not exceed six months.	The auditors scrutinize asylum probations filed in the Swedish Migration Board and the Board's personnel- and economy management systems to compare the procedures for asylum probations with the availability of personnel.	The auditors have a clear criterion in the Government's statement that the asylum probations should not exceed six months. The auditors establish that one billion Swedish crowns could be saved if the Swedish Migration Board would observe this time limit.
2006:9 Support for dental care for the elderly.	The auditors refer to statements from the Government that the support concern "necessary" dental care. The auditors also refer to the dental law (1985:125) that states that the support shall be "reasonable."	The auditors use cost information from the National Insurance Administration (the former Swedish Social Insurance Agency).	The auditors compare these costs with government estimate and conclude that the costs are higher than the estimate.
2006:10 Control of excise duties. Merely advertising?	The auditors refer to statements from the Parliament and the Government that the tax error shall decrease.	The auditors use available statistics to determine how many controls of excise duties leads to changes in excise taxes.	The auditors conclude that the number of controls that results in reassessment of excise taxes are less than in other tax areas.
2006:21 Treasury in state property.	The auditors refer to the Parliament's statements that the treasury in state property shall be efficient and result in returns on capital.	Return on capital is used as a criterion for efficiency. The auditors perform their own calculations with existing data with the help of consultants.	The auditors compare the audited state property companies with each other and with other property companies. The auditors conclude, based on best practice benchmarks, that the audited firms could be more efficient.

<p>2006:22</p> <p>The public employment service.</p>	<p>The auditors refer to the Government's and the Parliament's statement on the importance of efficiency.</p>	<p>The auditors use several methods. They apply the Beveridge-curve ("an established method"). They adopt the methods from an evaluation carried out in 1997 by another agency. They use DEA-analysis to measure efficiency using the agency's own numbers.</p>	<p>The auditors reach a conclusion about efficiency through benchmarking.</p>
<p>2006:28</p> <p>Employment subsidies.</p>	<p>The auditors refer to laws concerning the labor market, e.g., (2000:628) (1997:1275) (2000:628) and to statements from the Parliament about the plans regarding employment subsidies. The auditors also refer to previous research studies indicating potential problems with employment subsidies.</p>	<p>The auditors use register-based statistics and an auditor-initiated survey among employers. They analyze the data together with academics from the Institute for Evaluation of Labor Market and Education Policy.</p>	<p>Employment subsidies have only limited effects on employment.</p> <p>"Of 100 subsidies only 24 lead to unsubsidized employment"</p> <p>This ratio is regarded as "low."</p>
<p>2006:29</p> <p>The reform of the Armed Forces logistics. Did it become cheaper and more efficient?</p>	<p>The auditors refer to the plans of the Parliament and the Government to implement new logistics in the Armed Forces. This new logistics was expected to decrease costs and increase efficiency.</p>	<p>The auditors state that the Government or Parliament does not explicitly state what is meant by "efficiency." The auditors make calculations regarding cost development based on data from the Armed Forces accounting system. The auditors choose to use some of the performance indicators in the agency. The auditors also conduct interviews with civil servants in the Armed Forces.</p>	<p>The auditors state that it is difficult to conclude whether the costs have decreased due to insufficient cost information before the reform. The auditors compare their own calculations with calculations made by the Swedish Armed Forces and conclude that they differ due to different ways of calculating the costs. It is not clear whether one method of calculation is better than the other. The auditors do not reach a clear conclusion on this issue.</p> <p>Regarding efficiency, the auditors state that it is difficult</p>

			to conclude whether the reform has led to increased efficiency due to insufficient information before the reform. Instead, the auditors rely on interviews and conclude on that basis that the efficiency of the logistics could still be increased. Thus, the auditors conclude that the reform does not increase efficiency as it has been expected to.
2007:5 The Government's tax forecast.	The auditors refer to the law (1996: 1059) concerning the state budget.	The auditors receive data not only from the Ministry of Finance but also from the Swedish National Financial Management Authority and the National Institute of Economic Research.	The auditors compare the Government's tax forecast with the prognosis made by the Swedish National Financial Management Authority and the National Institute of Economic Research. The auditors conclude that both predictions indicate the same variance between the forecast and the actual results. Still, the auditors argue that the accuracy of the prognoses is "weak."
2007:20 Irregularities in the allocation of aid. Are SIDA's controls on aid efforts through NGOs adequate?	The SNAO's financial auditors have found irregularities in SIDA's internal control. This finding motivates this performance audit.	The SNAO scrutinize verifications, accounts and contracts in a number of NGOs.	The auditors compare salaries with "normal" salaries in the region. The auditors compare investments made in projects with the purpose of the projects. The auditors conclude that there exist irregularities in several cases.
2007:22 The connection between expenditure ceiling, surplus goals and tax policy – the	The auditors cite the Parliament as having emphasized the importance of clear principles regarding the expenditure ceiling. The auditors also refer	The auditors scrutinize the Government's economic propositions.	The auditors conclude that the principles for adjustments of the expenditure ceiling are not applied systematically. The auditors also conclude that the principles for raising the expenditure ceiling are unclear.

Government's accounts.	to how the IMF has emphasized the importance of formal guidelines for the expenditure ceiling.		
2007:24 Social exclusion on the job market. Disabled people with impaired capacity for work.	The auditors refer to the Government's and Parliament's plan regarding their disability policy.	The auditors use available statistics and adopt the methods from an evaluation carried out in 1997 by another agency. They also use an auditor-initiated survey among employers. The auditors conduct the analysis together with academics from the Institute for Evaluation of Labour Market and Education Policy.	The auditors find guidance for benchmarks in the statements from Government and Parliament. They compare these benchmarks over time and with other social groups.
2007:30 How the wealth is managed. Five foundations' asset management and the Government's role as a founder.	The auditors refer to the statements from Parliament about the foundations and the foundations' directions.	The auditors use return on capital as a criterion for efficiency. They also hire consultants in the audit of returns on investment. Calculations are based on existing data.	The audited foundations are compared with each other and with the index. The auditors state that the foundations' asset management is good because their return on capital outperforms the index.
2008:16 Reduced social security costs, for whom and at what price?	The auditors refer to the Government's plan to reduce social security costs. The auditors also refer to previous studies indicating the limited effects of reduced social security costs.	The auditors use statistics from Statistics Sweden, worked over by the Institute for Evaluation of Labour Market and Education Policy (IFAU). The type of statistics they use is governed by the Government's plan. IFAU use the "DD-method" (established method) to evaluate the employment effects.	The auditors make comparisons over time. Through the DD-method and IFAU, the auditors can make comparison with a reference group. The auditors establish that "the effects on employment are negligible, and deadweight-effects are significant." What negligible or significant mean is not explained further. The auditors strengthen their results by referring to similar studies in Finland that arrived at the same conclusions.

<p>2008:17</p> <p>The Government's handling of the "additional budget."</p>	<p>The auditors cite studies that stress the importance of a well-functioning budget process for the outcome of the budget. The auditors explain that biannual additional budget requests from the Government have become custom and the auditors question this custom.</p>	<p>The auditors scrutinize documents concerning requests for additional budgets and conduct interviews with concerned civil servants.</p>	<p>The auditors conclude that the Government has requested additional budget in cases where other solutions would have been possible. This behavior affects the budget discipline and makes the budget process less "tight."</p>
<p>2009:10</p> <p>Psychiatry and the effectiveness of national support for psychiatric care.</p>	<p>The auditors refer to an official report of the Government (SOU 2006:91; SOU 2006:100) that has revealed "multifaceted deficiencies" in the Swedish psychiatric healthcare.</p>	<p>The auditors scrutinize the allocation of national subsidies. The auditors address the allocation of both financial resources and personnel.</p>	<p>The auditors compare the national subsidies with the costs incurred by the county councils and conclude that the subsidies are relatively low and therefore do not work well as a management tool for the Government. The auditors also state that the impact of the subsidies is difficult to establish.</p> <p>Regarding personnel, the auditors explain that it is difficult to establish the need for psychiatric care, which in turn makes it difficult to establish whether the supply of personnel is sufficient. However, the auditors refer to official Government reports and statements in the media that indicate the need for more personnel.</p>
<p>2009:25</p> <p>Resource management in universities' undergraduate educations.</p>	<p>The auditors refer to statements from the Swedish National Agency for Higher Education that supplied resources provided to</p>	<p>The auditors scrutinize how allocated resources are transformed into resources for students at three universities. The auditors use information from the universities but carry out</p>	<p>Based on the calculations, the auditors conclude that some educational activities are over-financed while others are under-financed. The auditors, however, stress that over-</p>

	institutions are insufficient. The auditors also refer to the law (1992:1434) concerning higher education and the law (1996:1059) concerning the state budget.	new calculations based on the information.	financed courses can finance under-financed courses and that one has to consider the universities' activities as a whole. They do not arrive at a concrete conclusion.
2009:26 State securities in the financial crisis.	The auditors refer to the financial crisis. The auditors explain that the Government has implemented a new securities issuance program for banks and the export industry.	The auditors scrutinize the terms of government securities with regard to the law (1996:1059) on the state budget, the laws (1995:1571) (2008:814) on state securities, and EU directives. The auditors also conduct interviews with civil servants in ministries, central agencies and corporations. The auditors use consultants to review the model on which the securities program is built.	The auditors conclude that the fees for the securities issuance program most likely will cover its estimated costs.
2009:30 Relocation of Governmental agencies.	The auditors refer to statements from the Government and the Parliament that affected regions shall be compensated for the loss of jobs. The Government has affirmed that the same quality of performance can be expected of the governmental agencies after the relocation. The auditors also refer to laws (1996:1059) (2007:515) and to statements about the importance of efficiency.	The auditors translate "compensation" to affected regions in terms of the following factors: levels of service usage, effect on tax revenues, consumption and the agencies' collaboration with universities. The auditors use available statistics and interviews with representatives from the relocated agencies and regions. The auditors translate "quality" as volume of production and time spent on core activities versus time spent on tasks that are a result of the relocation. The auditors obtain the information through surveys with agency personnel. The auditors also	The auditors compare the data before and after the relocation and conclude that the affected regions were compensated. The auditors compare time spent on core activities in the agencies before and after the relocation. The auditors conclude that the agencies are back on the activity levels they were before. The "customer survey" shows that the users of the agencies' services are satisfied. However, the auditors state that there are no customer satisfaction data before the relocation with which to compare this survey.

		<p>conduct a “customer survey” among users of the relocated agencies’ services.</p> <p>The auditors also check whether actual relocation costs correspond to expected costs.</p>	<p>The auditors conclude that actual relocation costs are higher than the estimated costs.</p>
<p>2010:3</p> <p>From many to one - merging Governmental agencies.</p>	<p>The auditors refer to the Government’s and the Parliament’s plans regarding the performance of agency mergers, i.e., the parity and quality of handling cases before and after the merger.</p>	<p>The auditors choose to operationalize equal treatment and quality as decreased differences in treatments of cases in the agencies before the merger. The auditors use performance indicators in the agencies and compare local offices with each other. The auditors also examine published information on and look for variances in the treatment of cases.</p>	<p>The auditors compare the treatment of cases before and after the merger and conclude that there is no difference concerning variations in treatment of cases before and after the merger.</p>
<p>2010:17</p> <p>Asset management in times of severe changes in value. A review of eight foundations formed by the Government.</p>	<p>The auditors refer to the statements from the Parliament and from the foundations’ regulations that call for “good” and “reasonable” return on capital.</p>	<p>Return on capital is efficiency-criteria. The auditors use consultants (“experts”) in the audit of returns on investment. Calculations are based on existing data.</p>	<p>The auditors compare the audited foundations with each other. Variations in return on capital indicated that some of the foundations could be more efficient.</p>
<p>2010:21</p> <p>State support on the alcohol policy. Does it affect young people’s alcohol consumption?</p>	<p>The auditors refer to the Government’s and the Parliament’s plan to reduce alcohol consumption. One main goal is to reduce consumption among teenagers.</p>	<p>Drawing on statements from the Swedish National Institute of Public Health, that funds shall be devoted to evidence-based methods for reducing alcohol consumption. The auditors determine what counts as an evidence-based method from previous studies, e.g., the Swedish National Institute of Public Health and Örebro University.</p>	<p>If funds are spent on methods that are not evidence based, they are not regarded as efficient.</p>

		Then, the auditors scrutinize how the funds have been allocated by examining documents and interviewing concerned civil servants.	
2010:22 Maintenance support. For the children's best interest?	The auditors refer to the Government's goals regarding its family policy and the Parliament's statements about the goals for the policy area concerned with securing financial safety for families. The auditors also refer to the UN Convention on the Rights of the Child. The auditors also refer to laws (1949:381) (1996:1030) concerning parenthood and maintenance support.	The auditors base their audit on two statements from the Government. The first is that the state can save money if responsible actors pay the child support on their own. The second is that children can receive greater amounts of support if the parents calculate the child support in "the right way." Based on these claims, the auditors analyze the cost information obtained from the Swedish Social Insurance Agency. The auditors also conduct surveys among parents to determine the extent of their knowledge on how to apply for child support.	The auditors confirm that the costs would be lower for the state if parents managed the child support in "the correct way" (i.e., according to the regulations). The auditors also discover that parents "very likely" would receive more money if they were applied in "the correct way." The auditors therefore conclude that the maintenance support "is not in good order."
2010:25 Cost control in major road investments.	The auditors cite research studies indicating that the costs for investments in infrastructure normally exceed the budget. The auditors also refer to new investments of 9,6 billion Swedish crowns, which the auditors consider a "significant amount."	The auditors use the cost information provided by the Swedish Road Administration/Transport Administration. Based on research findings about infrastructure investments, the auditors dispute the calculations and conduct alternative calculations.	The auditors conclude that the actual costs are higher than what the Swedish Road Administration/Transport Administration has indicated because the agency adopted an incorrect method for calculating costs.
2010:26 National efforts to delimit profits from criminal activities. Better	The auditors refer to the Government's and the Parliament's statement that delimiting the profits from criminal activities will reduce	The auditors use available statistics about the effects of national efforts to reduce the profits from crime and conclude that early efforts are effective. They conduct interviews and	From the interviews and surveys, the auditors conclude that earlier preventive efforts against crime could be made. Hence, "the collective efforts are not efficient."

cooperation gives better performance.	the incentives to com- mit crimes.	surveys among concerned civil servants.	
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The search for output

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Abstract

This paper builds upon a study of the Swedish Energy Agency's (SEA) process of defining and accounting for output. New regulations have been implemented regarding the Swedish central agencies' performance reporting. According to these, the agencies should define their performance independently and decide how to represent their work in their annual report. The single restrictive requirement is that the agencies should focus on their "output" in terms of volume and cost. Based on the study of SEA's process of defining and accounting for output, this paper suggests that performance reporting can be a challenging task for an organization when no clear performance standards are set by the organization's superior. Whereas researchers have often written about the challenges of accounting for "outcome", this paper shows that even the concept of "output" can be problematic. Contrary to many other accounting studies, this paper also suggests that the idea of "becoming visible" through accounting is not necessarily met with resistance among individuals in organizations. On the contrary, it can be regarded as highly desirable.

Key words: Output, performance measurement, performance standards

Introduction

Performance reporting is recognized as a key legitimizing feature of well-functioning public, private for-profit or nonprofit organizations (Drori, 2006; Meyer et al., 2006; Power, 1997), and it is now a core issue for accounting research. It has been suggested that performance disclosure practices are the foundations upon which society grants the reporting organization a mandate to operate (Nicholls, 2009) and that we now live in an age of transparency that generates a massive increase in the disclosure requirements for organizations (Hood, 2006a; Power, forthcoming). Performance reporting is normally motivated by the need to make organizations transparent and accountable for their results (Strathern, 2000).

Transparency is commonly understood to be the ability of a superior to see what the organizational actors are doing by imposing a standard for their performance (Prat, 2005; Roberts, 2009; Rottenburg, 2009) against which the organizational actors can represent and make their work visible in, e.g., a performance report. The standards that have been set for performance have been problematized and criticized for being an imposed understanding of work in accountable organizations (Roberts, 1991; 1996) that renders the “real” workings in organizations invisible (Strathern, 2000; 2004). Roberts (1991; 2009) argues that the performance standards in hierarchical accountability relationships define situations and actions in organizations and create the illusion that organizational actors can unambiguously recognize the proper standard against which to account for themselves. He suggests that the organizational actors’ own understanding of their work becomes, in principle, irrelevant in the process of representing work. Still, several studies have shown the various ways that organizational actors resist and/or make use of the imposed visibility that they gain through the performance standards (Broadbent & Laughlin, 1998; Dambrin & Robson, 2011; Hood, 2006b; McGivern & Ferlie, 2007; Roberts & Scapens, 1990). However, what hap-

pens when those within an organization are not provided by their superiors with a standard for their performance reporting? What happens when the organizational actors are supposed to define their performance themselves and report their performance according to this definition?

This paper reports on recent developments in the Swedish central government, where new regulations for the central agencies' performance reporting imply that the agencies will independently define their performance and decide how to represent their work in their annual report. The one restrictive requirement is that the agencies will focus on their "output" in terms of volume and cost. Outputs are considered to be easier to account for than "outcomes" (understood as the effects in society from the agencies' activity) and it is up to the agencies to define what their outputs are. This requirement means that the agencies are faced with a conceptual demand for output, but they are supposed to fill this concept with meaning themselves. In contrast to the reforms for increased governance and transparency that emphasize the universal standardization of organizations and their performance reporting (Drori, 2006; Meyer et al, 2006; Rottenburg, 2009), the main goal behind the new regulations in the Swedish central government is that the agencies' performance reporting will conform to each agency's particular activity because their activity varies. It is assumed that the agencies are best suited to deciding how to define and represent their output. This paper is based on a case study of the process of defining and accounting for output in the Swedish Energy Agency (SEA) from 2009 until 2012.

Drawing on this case, this paper attempts to add to our current understanding of the process of performance reporting in organizations by elaborating on the role of a performance standard and on the organizational actors' reaction towards being made visible in a performance report. Furthermore, inspired by Potters' (1999) call for a critical examination of "keywords in account-

ing” (p. 61), this paper also attempts to elaborate on the concept of output. Whereas the concept of outcome has been addressed in several studies (e.g., Heinrich, 2002; Modell & Grönlund, 2007; Smith, 1993; 1995), the concept of output is less problematized.

The paper proceeds by elaborating on previous studies addressing performance disclosure with the focus on performance reporting as an act of representation and on the notion of pre-established performance standards and visibility. Next, the methods used in the case study will be presented and, after that, the process of defining and accounting for output in the SEA. In the following discussion section, three themes will be discussed; the importance of distance and the nature of representation; the importance of labels and of being made visible; and the rationality of output.

Performance reporting as an act of representation

Performance disclosure relies on the act of representation. As stated by Hacking (1983) “we represent and we intervene. We represent in order to intervene, and we intervene in the light of representations” (p. 31). A representation of something is also a logic of intervention. To represent is to make present something that is absent, to make visible here and now something that was present in a different here and now (Prendergast, 2000), and thereby the act of representation facilitates “government at a distance” (Miller & Rose, 1990, p. 9). Still, representation is not only about communication over spatial or temporal distances. The act of representing something is also an epistemological process. Representation is more than a simple matter of “something standing in for something else”; it also constitutes what we know and how we know it (Webb, 2009). Thus, representation can be viewed as a social process of knowledge construction. The knowledge mediated by the representation is indirect in the sense that it is mediated by the cluster of ideas that constitute the representation (Hall, 1997; Webb, 2009). Conse-

quently, the ideas used in representation affect the type of knowledge that is produced in, e.g., a performance report, and they rationalize organizational conduct in a particular way.

Performance assessment and the rationalization of organizations

It has been suggested that systems for performance assessments in hierarchical accountability relationships rationalize organizations in an instrumental-rational way which means that organizational conduct is viewed and represented as a series of casual means-ends relationships through abstract performance indicators (Roberts, 1991; 1996; Townley et al., 2003). When Strathern (2000) sets out to puncture the illusion of transparency by asking the question “what does visibility conceal,” she argues that hierarchical accountability procedures render invisible the “real” workings of organizations and the “real” facts about how an organization operates. The argument is that hierarchical accountability structures such as performance indicators set the ideal levels of attainment even though, in reality, they are only abstractions and constitute a de-contextualization that conceals the “real” activity in organizations, their social structure and modes of operation. Roberts (1991; 1996) adheres to this view and argues that accounting information is normally produced within a system of dominance in which the superiors impose a pre-established performance standard that defines situations and actions in organizations. At the same time, Roberts suggests that it is reasonable to expect that organizational actors have an intersubjective understanding of the “real” conditions of their own and others’ work that is outside of the understanding dictated by the imposed performance standard. Although the intersubjective understanding among agents is discouraged and unrecognized by the imposed performance standard, this understanding has an active presence in organizational life.

Townley et al. has a more positive view of the instrumental rationalization of organizations. These authors make the distinction between “reasoned justification,” which refers to “the process of bringing to light the justifications by which actions and policies are pursued” (2003, p. 1045), and instrumental rationality which stresses causal means-end relationships. Reasoned justification refers to a communicatively shared understanding of organizational performance that is achieved through discussions, which is similar to Robert’s (1991; 1996) notion of the local intersubjective understanding of work. Townley et al. suggest that instrumental rationality can work as a “linguistic shorthand, a useful instrumental mechanism for coordinating action that frees people from the burden of continuous engagement in communication” (p. 1053). Thus, their notion is that instrumental rationalization can facilitate and complement reasoned justification about performance in a performance report, for example. However, similar to Roberts (1991; 1996), the authors explain that if instrumental rationality comes to dominate, it may represent a counteracting tendency against reasoned justification.

Reactions towards imposed visibility through pre-established performance standards

Several studies have addressed behavior in organizations regarding performance standards and the visibility that these standards grant to behavior. Whereas some scholars have stressed the disciplinary effects of these standards (Miller & Rose, 1990; Rose & Miller, 1992; Miller & O’Leary, 1987) by creating visible spaces of manageability, others have shown how actors resist, make use of or accept these imposed standards in different ways and for different reasons. As examples, McGivern & Ferlie (2007) found that the actors resist by playing “tick-box games” (p. 1380) to give the impression of legitimate accountable practice while they continued to work in their traditional professional way, which is less visible to those outside of their profession (see also Broadbent & Laughlin, 1998; Hood, 2006b). Roberts &

Scapens (1990) found that actors can resist the dominance of their superior by referring to the shortcomings of the performance standard and thereby claiming superior local knowledge about their work while pointing out the superiors' lack of local knowledge. Dambrin & Robson (2011) found that accountable actors accept and enroll in performance assessment systems even though they regard the performance standards as being flawed. These actors behave this way because of their individual interest in being rewarded for complying with the standard, even though their professional knowledge tells them that the performance measures do not constitute valid representations of their work. Furthermore, because the act of representing work was recognized as being complex, the actors accepted the measures despite their invalidity.

In sum, to represent something can be regarded as a social process of knowledge construction and a representation is also a logic of intervention that facilitate government at a distance. It has been suggested that performance reporting and systems for performance control are guided by instrumental rationalism which threatens to undermine the intersubjective understanding, or reasoned justification, of organizational conduct. Although the performance standard provided by the superior can be understood as an imposed understanding of work and as a disciplinary tool, several studies have shown that actors learn to resist, make use of or accept the imposed standard. Against this background, the recent development in the Swedish central government appears intriguing. Although there is still a hierarchical accountability relationship between the agencies and the government, the new regulations imply that the agencies are responsible for independently deciding how to define their performance and how to make their work visible in the annual report.

Methods

The Swedish Energy Agency (SEA) was founded in 1998 and is a central government agency for national energy policy issues with approximately 350 employees. The agency's mission is to facilitate the development of the energy system both in Sweden and on the global level, so that the energy system will be both economically and ecologically sustainable. The activities of the SEA are diversified, and the agency operates in various sectors of society to create the conditions for efficient, sustainable energy use and a cost-effective energy supply. The SEA supports research for increased energy efficiency and provides services such as knowledge support for energy efficiency in municipal and industrial networks and products such as electronic energy efficiency calculation models for private households, which are available on the agency's homepage. The agency also acts as an expert organization in energy issues and supports the government with expert knowledge in various situations, for example, at international conferences such as the climate meeting in Copenhagen in 2009 as well as through daily support in energy matters. The SEA is governed by the Swedish Ministry of Enterprise, Energy and Communications (MEEC), but it also receives assignments from the Swedish Ministry of the Environment and the Swedish Ministry of Defense. The agency is divided into six departments; the Central Office, the Support Department, the Energy Analysis Department, the Energy Technology Department, the Energy Efficiency Department and the Market Development Department.

The empirical material in this paper was gathered from a case study of the SEA's work to define their output from October 2009 to the middle of 2012. The study comprises several qualitative methods. A total of 24 interviews were conducted with 16 civil servants at the SEA who were involved in defining the agency's output and with three civil servants at the MEEC. The respondents at the SEA come from all departments at the agency and the

respondents at the MEEC all have experience working with the SEA and knowledge about the agency's activities. Interviews lasted between 60 and 90 minutes and at the beginning of each interview, anonymity and confidentiality were discussed and assured. An interview guide was developed before the interviews. The author also attended all four meetings held by a group tasked with developing the agency's definition of output. The meetings and the interviews provided information about the process of defining output in the agency, the different challenges in defining output and how the agency dealt with the problems they faced in this process. This process will be elaborated on later in the paper.

The author of this paper belongs to a research program examining the development of performance management practices in the Swedish central government. This research program is based on networking between government officials and a large number of government agencies. The SEA is one of these participating agencies and in the context of this research program, the researcher had the opportunity to engage in several informal discussions with civil servants at the SEA regarding the process of establishing output. The author also held informal discussions with civil servants at the Swedish National Financial Management Authority (SNFMA) that played a central role in the SEA's work to define output. The interviews and the meetings were digitally recorded and transcribed. After the informal conversations, written notes were taken. In addition, internal documents concerning the SEA's definition of output were reviewed as well as public documents about the SEA's activities in general to gain an understanding of the context of the case. Different qualitative methods were used to unearth written material and verbal communications, both among the respondents and between the respondents and the researcher.

The SEA's 2009 annual report was the first where the SEA used its recently defined output to account for its activities, and the work defining output continued to develop during 2010. Thus, the author followed the initial work of defining output for the 2009 annual report as well as the development of the definitions for the 2010 and 2011 annual reports.

Next, the case study will be presented. The presentation begins with the background for the new regulations regarding the agencies' performance reporting. Then, the process of defining output in the SEA is described. In this representation, the process is divided into five stages; the initial search for output in the SEA, the first attempt to stabilize the situation, the solution becomes a problem, the second attempt to stabilize the situation, the new guidelines for the agency's performance reporting and, finally, the recent developments of the work defining output in the Swedish central government.

Background – the recent developments in performance management in the Swedish central government

The Swedish central government is relatively unique by international standards because it has a history of devolved responsibility for operating matters handled by central agencies with a considerable degree of autonomy. Ministerial intervention is forbidden by law, which means that the direct political control of agencies is limited. Formal parliamentary and governmental control is mainly carried out through legislation, annual appropriation letters and appointment of central agency director-generals. Nevertheless, as in many countries, the last decades have been characterized by performance management reforms aimed at increased governance, with focus on ex-post control and the disclosure of results. At the end of the 1980's, "management-by-objectives" was introduced as the prevailing performance management philosophy. Management-by-objectives is basically "a way of governing

through self-government” (Asdal, 2011, p. 4). Government is exercised indirectly by requiring that certain ends are achieved. The central agencies are in principle set free to choose their own procedures to achieve the given ends. Despite the relative autonomy of Swedish central agencies, the main argument for reform was the need to reduce detailed political control to remove constraints on managerial freedom in the central agencies (Modell, et al., 2007).

During the 1990’s, the management-by-objectives ethos evolved gradually. In particular, two official documents became important: the central agencies’ annual appropriation letters from the government and the central agencies’ annual reports. The annual appropriation letters became the main steering document in central government and consisted of two parts: one part concerned the budget, while in the other, the government stated the agencies’ objectives and the agencies’ requirements for their annual reports. At the end of the 1990’s, there was an increased interest in central government for information concerning “outcome”, i.e., the impact on society from central agencies’ activities (Modell et al., 2007). This increased interest in outcome was reflected in the annual appropriation letters in which outcome-related objectives and report requirements began to increase considerably. However, as in many other countries (see, e.g., Smith, 1993), the compilation of outcome indicators proved to be challenging for the central agencies, and several agencies chose to replace quantifiable indicators of outcome achievement with broad, verbal descriptions of how operations affected various stakeholders and society in general (Modell, 2006; Sundström, 2003).

More recently, the management-by-objectives philosophy and the annual appropriation letters have been the subject of debate within the central government because the introduction of management-by-objectives did not reduce the reporting requirements of the central agencies. Rather, the amount

of report requirements in the annual appropriation letters – both regarding operational matters as well as results in terms of outcome – has tended to increase and concerns have been raised that management-by-objectives merely implied a new means of detail-steering (Sundström, 2003). The debate has also concerned the difficulties of connecting financial management and performance management in central government, i.e., difficulties of connecting costs to goal achievement.

In 2006, the Swedish government appointed an investigation, “Styrtredningen” (The performance management investigation), with the task of assessing performance management in the Swedish central government and providing proposals for improvements. The investigation was completed in 2007, and its final report “Att styra staten – regeringens styrning av sin förvaltning” (To govern the state – the governments’ management of its administration) was published (Statens offentliga utredningar, 2007:75).

The performance management investigation – management by objectives in a revised version

The previous structure for the agencies’ performance reporting

At the time, performance reporting for the agencies was structured according to a particular “activity structure”, with policy areas that were divided into activity areas and then into activity branches (table 1 below shows this structure in the SEA’s appropriation letter of 2008). This structure was across all central agencies. The activity structure was designed to provide the clearest possible picture of the activities in the central government and to make it possible to connect the consumption of resources with the achievement of goals.

One of the purposes of the structure was to facilitate comparisons between different areas of operations, which in turn would facilitate prioritization.

Each level (i.e., policy area, activity area, activity branch) had its own goal statements and report requirements. The idea was that activities formulated in the policy area were divided into part-activities that each contribute to the achievement of the stated goals at the higher level. It was expected that this structure would permit the calculation of the costs of each part-activity and to aggregate these costs into the costs of the achievement of the main goals at the policy-area level (the appendix gives examples from the SEA's annual appropriation letter of 2008).

However, the performance management investigation found that this structure was dysfunctional. The investigation stated that the activity structure was built on an assumption that there is an "unbroken chain of ends- and means relationships" (p. 255), where the general goals of the policy area are broken down step-by-step and transferred to steering signals for the agencies, and that it was possible to do this in all central agencies. The investigation stated that the belief that long-term political goals can be transferred into steering signals in an administrative system is inaccurate, and the investigation argued that these goals usually lacked relevance to the day-to-day management of the agencies. Furthermore, connecting costs to goal achievement at the policy level on an annual basis was considered to be difficult because in most cases, the realization of these goals takes over one year.

Another problem in assessing these goals and relating them to costs was the difficulty of isolating the particular impact of each agency, because many actors in society can be expected to influence a particular outcome. The investigation stressed that connecting financial resources to goal achievement was difficult because of the challenges connected with outcome assessments. Instead, it was argued that it is reasonable to expect the agencies to be able to connect costs to *output*, because outputs were regarded as easier to delimit

and thereby easier to account for. The investigation stated that “management based on outputs creates much better conditions for the creation of ‘price tags’” (p. 239).

Conclusions and suggestions from the performance management investigation

The investigation established that the annual appropriation letters and the central agencies’ performance reporting in the annual reports had to change and that the outcome-based report requirements in the annual appropriation letters were often difficult or impossible for the agencies to fulfill. Furthermore, the investigation stated that the government needs “information with a reasonably firm character” (p. 230) to be able to govern and that statements about outcome achievement do not fall within that category of information. According to the investigation, the report requirements should be designed in such a way that it is possible for the agencies to fulfill them on an annual basis. Consequently, the investigation stated that in their annual reports, the agencies should provide an account of how they have carried out their assignments, rather than what they have led to. The investigation explained that it is easier to *describe activities* in central government than to explain what caused a certain course of events in society. The investigation also stressed that when the government receives the annual reports, it should be able to “compile and analyze the information and establish if agency X works or not” (p. 230).

The investigation came to several conclusions regarding the agencies’ performance reporting. Rather than accounting for outcome in society and the achievement of long-term political goals, the agencies should account for what they do, i.e., how they have conducted their assignments. The portion of the annual appropriation letters addressing the agencies’ performance should be removed, and instead the main steering document should be the

agencies' instructions. The instructions can be regarded as the agencies' Raison d'être and are long-term documents with general statements of the agencies' missions. The instructions communicate the agencies' main objectives and functions in society and were now to gain in importance. The investigation stated that the long-term management made possible by legislation and the instructions should be enough for proper management, and that "more management on top of that" (p. 246) was not necessary. The report argued that the huge amount of steering signals that the agencies' were exposed to could be confusing and counterproductive.

The investigation underscored that they did not wish to see a uniform management model for all central agencies and that they wanted the activity structure to be removed. The investigation emphasized the importance of adjusting the performance management to each agency's specific activities, because the activities within central government are very diverse. The investigation established that the agencies themselves are best suited to decide what information provides a "correct picture of their activity" (p. 249). The only common denominator in the agencies' performance reporting should be the accounts of output and their relationship to costs. The report emphasized that the ambition was not to compare different agencies with each other; rather, the ambition was that the government should be able to see the development of a certain agency's output over a period of years. It should be up to each agency to decide how to define its output, how to connect its output to costs and how to present this information in the annual report. The investigation recommended that the outputs should reflect "activities of great significance in the agencies' activity" (p. 251).

In 2009, new regulations based on the investigation were introduced for the central agencies' annual reports. To a great extent, the new regulations reflect the proposals made by the management investigation. According to the

regulations the performance portion of the annual appropriation letters shall be removed and the main steering document is the agencies' instructions. The agencies are now given the authority and responsibility to decide how to account for their performance. The only restriction is that the agencies are required to account for their output in terms of volume and cost. It is up to the agencies to decide what their output is.

Previous performance reporting in the SEA – a representation with detailed instructions from the superior

The SEA's 2008 appropriation letter (Regleringsbrev, 2008) followed the structure presented below in table 1, which is an extract from the letter:

Table 1. The structure of the performance reporting of SEA prior to 2009.

Policy area	Activity area	Activity branch
Energy policy	Policy for a sustainable energy system	Long-term development of the energy system Increased energy efficiency Program for energy efficiency in energy-intensive companies Program for electricity certificate Facilitating activities for wind power Facilitating activities for biofuel International cooperation
Environmental policy	Instigative and preventive environmental work	Efforts for international climate investments
Crisis management in society	Crisis management capacity Operative capacity The capacity of activity of crucial importance for society to resist serious damages	Crisis management capacity Operative capacity The capacity of activity of crucial importance for society to resist serious damages

Each policy area, activity area and activity branch had its own goal statements and report requirements. In the appendix, some of the goal statements and report requirements from the 2008 annual appropriation letter are quoted. The appropriation letter is 41 pages long and the few examples in the appendix have been chosen to provide a picture of the different types of report requirements that the agency had.

The annual appropriation letter and the activity structure meant that the SEA had detailed instructions about how to report its performance. As seen in the appendix, the report requirements called for both quantitative information, such as the number of approved applications for research funding or the number of participants in a certain program, and they called for narrative statements of, e.g., the agency's activity in relation to a certain goal or estimations of outcomes, i.e., effects in society from a certain activity.

The process in the SEA of representing performance with the concept of output

The SEA started to define its output in 2009. A working group responsible for the annual report, with civil servants from the different departments of the agency, was also given the responsibility of defining the agency's performance in terms of output. The civil servants regarded the new regulations for their performance reporting as positive because they had more freedom to report their work in a way that was desirable to them. Their previous appropriation letter was regarded as comprehensive, with a substantial amount of report requirements that were both difficult and time consuming to fulfill. Defining output was also regarded as a healthy learning process because it would clarify the achievements of the agency. Defining output was considered a good opportunity for the agency to shape and organize its activity with respect to its goals and objectives, and the definitions of output were

also considered to form the basis for the agency's internal performance reporting.

The initial search for output in the SEA – the representation of everything

The concept of output was new at the SEA, and an initial meeting was held in late spring 2009 to establish what the agency's output was. Defining output turned out to be more challenging than the civil servants had first expected it to be. Because the activity of the SEA is multifaceted and concerns several areas of Swedish society, the character of its activity varies widely. Thus, it was difficult for the agency to find a general definition of output.

A first proposed definition was that “output is everything to which the agency devotes time and resources.” However, the civil servants soon realized that this definition was far too broad, because it would include everything the agency does. The civil servants established that the definition had to be much more concrete. Output had to be delimited somehow, from “everything” to “something”.

The questions that arose about the definition of output led to heavy discussions at the SEA, and the agency held several meetings discussing the issue of defining output in early autumn 2009, but it could not agree on a definition. The discussion circulated around the meaning of the concept, what the “right” interpretation of the concept was, what the meaning of “volume” of outputs was and what could be regarded as output in regard to the agency's own activities. When output occurred was the most difficult decision to agree upon. One area of confusion that illustrates this dilemma is the agency's funding of research. A significant part of the agency's activity is to promote the development of the Swedish energy system by financing research. On this matter, one of the civil servants in the group that was also responsible for the annual report said:

We had heavy discussions about this. When does the output occur? Consider the example of the funding of a PhD student. Some of us think that the funding of a PhD student should be regarded as output, whereas others disagree and argue that it is the PhD student that conducts the output. What is our output then? Our output must be to provide the funding, and then the PhD student conducts an output, but that is not our output. But we had heavy discussions about this, what is output? And above all, what is *our* output?

The first attempt to stabilize the situation – to represent using an external standard

The civil servants reached a point where they realized that they could not agree upon a definition of output. To understand the concept of output and to elucidate how to define their own outputs, the civil servants invited the Swedish National Financial Management Authority (SNFMA) to help the agency define its output. The SNFMA is a central government agency and the government's expert in performance management, responsible for "good accounting practices" in the central government. The SNFMA came to the SEA in autumn 2009 and held a workshop on output. Against the background of the new regulations for the central agencies' annual reports, the SNFMA had developed guidelines for agency performance reporting. In these guidelines, the SNFMA conceptualizes the central agencies' value-adding process using the following linear input-outcome model which they call "The Activity and Results Chain" (figure 1) and which is commonly used in performance measurement and management (see, e.g., Johnsen, 2005).

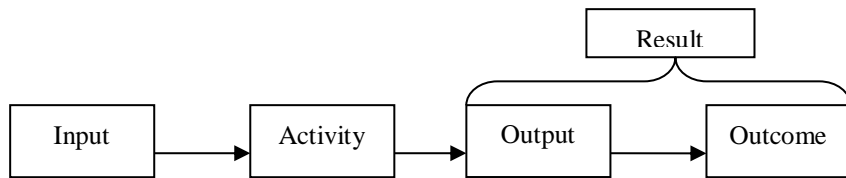


Figure. 1. The Activity and Results Chain.

In this model, the agencies’ results are defined as output and outcome, which the SNFMA defines in the following way:

Output refers to products or services generated by the agency’s activity. Output refers to an activity that is settled and not a work in progress. The products or services have to have left the agency (e.g., reports and decisions) or be open and available to the general public (e.g., exhibitions and web pages).

Outcome refers to the effect of the agency’s output.

During the workshop, this model was introduced to the SEA and the SNFMA also provided examples of output. The SNFMA explained that output could be “services or products the agency provides to achieve its goals, that ‘leaves the agency’, such as a report, a prescription or a paid grant”. After the workshop, the civil servants at the SEA thought the concept of output was clear, and they continued their work to define output. However, when they tried to apply what they had learned about output to their own activity, this still turned out to be difficult, and the same questions arose as before. Consequently, the SEA asked the SNFMA to return to conduct a second workshop. During this workshop the same definition of output was applied, but this time this notion of output became clearer, and the civil servants understood how to delimit their definition of output. For something to be defined as output, something needed to be produced that could “leave the

building” (i.e., the agency) and be open to the general public, such as an official report or a calculation model for energy-savings on the homepage. At this point, it was possible for the SEA to know when the output had occurred. It was determined that an output occurs once the agency produces something that can be regarded as “leaving the building”. This, in turn, led to the notion that for something to be called output, it must result in a physical or electronic object, i.e., a visible object of some kind. However, this prerequisite had not been outlined at this stage of the process. After the workshops it was also established that “volume” of outputs referred to number of outputs.

The definition of output was a breakthrough for the civil servants at the SEA. In the case of research funding as exemplified above, it was decided that the actual finance decision (which resulted in an official document) was the output. Now, that the agency knew what they were looking for and, consequently, could start to delimit their activity, each department was given the task of providing a list of output-generating activities to the working group responsible for defining outputs. This process resulted in a list with over 300 different kinds of activities and one of the respondents in the group explained:

The list was huge, it was an enormous amount of outputs, and our general director said: ‘we can’t have this; we can’t present all of this in the annual report’.

The group decided that the list needed to be aggregated. One reason for this was that the substantial amount of activities did not provide a holistic picture of the SEA’s activity. Another reason was that the management group wanted the outputs to reflect substantial parts of the SEA’s activity in terms of volume and cost. With so many different, highly specific outputs, each out-

put has an insignificant value and the list would “not make any sense”. It would also make it difficult comparing outputs and costs from different years. Furthermore, to calibrate the agency’s time-recording system in accordance with this amount of outputs was regarded as impossible; the codes for the civil servants’ time recording could not be that specific.

The group attempted to aggregate the list but could not agree about how to do it. Eventually, the agency’s general director became involved and decided that he and the chief accountant who was also a part of the working group, would aggregate the list. The general director and the chief accountant decided that the agency’s instruction, i.e., the agency’s main steering document, should form the basis for a number of output categories, under which the activities on the list could be sorted. Thus, based on the agency’s instruction and the list of suggested outputs, they developed eight output categories. The result was that all output categories represent activity that lead to some type of physical or electronic object. In table 2 below, the list of output categories is presented in the same way as it was presented in the 2009 annual report (with the exception of the figures in the “volume” and “cost” columns) (Statens energimyndighet, 2009).

Table 2. The list of output categories.

	<i>Output categories</i>	<i>Volume</i>	<i>Cost</i>
1	Funding decision; concerns all administration of grants and loans through the point at which a decision is made.		
2	Presentations, external teaching and external conferences; concerns meetings, conferences, seminars, etc., that have been organized by the SEA. The prerequisite is that the SEA has organized the presentations, hosted the external lectures or arranged the external conferences, etc. If the agency just participates in a meeting or conference, that does not count as output.		
3	Supervision; concerns the supervision of a certain energy efficiency program for industries administered by the SEA, the emergency storage of oil and carbon, municipal energy planning, energy-marking and eco-design.		
4	Tests; concerns tests of electronic equipment for households and industry.		
5	Decisions regarding electricity certificates; concerns formal decisions regarding electricity certificates as well as examinations of electric declarations.		
6	Completed Clean Development Mechanism (CDM) - agreements; concerns agreements regarding climate projects in developing countries.		
7	Publications; concerns published publications from the SEA.		
8	Material provided to other central agencies and international organizations; concerns registered documents sent to the government, government offices, other central agencies or international organizations.		
	<i>Sum</i>		

However, because the general director and the chief accountant realized that not all of the SEA's activity would fit into the established categories they developed a ninth category called "no output" in which all activity not considered to be output could be placed. The purpose of the output categories was to account for the volume and cost of the agency's outputs and to provide a holistic picture of the SEA's main activity. Beyond the annual report, it was decided that the list of output categories should form the basis for internal four-month reports.

The solution becomes a problem – the importance of labels and visibility in the process of representing performance

The vast number of outputs that the agency found and the establishment of output categories had temporarily solved the problem of defining output. However, even though the output-categories appeared to solve the problem, the categories were soon to cause new discussions in the agency. At this point, the accounting department had not calibrated the accounting system in accordance with the output categories, so the department had to calculate the volume and costs of output manually. Eventually, when the list started to take form, this caused frustration at the agency because much of the agency's activity was excluded from the eight categories and ended up in the "no output" category (the formulation in Swedish was "ingen prestation" which can be translated as "making no effort"). One of the respondents in the working group explained:

It was a big mistake calling the last category 'no output'; it created a lot of frustration. People were asking 'do you not think I am doing anything', so now we call that category 'other activity' instead.

Yet, the new label for the final category did not help much; there was still significant frustration among the civil servants at the SEA working in activities within the last category of the list because their activity was made invisible. One of the respondents in the working group said:

The whole agency has been discussing this, ‘how the hell shall we do this’ [...] the personnel feel like this is a burden laid on them from the accounting department, but we did not make this up. It is the SNFMA, not us; it is a requirement. I say that ‘this has to be included, it is a regulation, and it is not a free choice’.

The civil servants at the different departments at the SEA insisted on providing information about their work in ways other than through the output categories. The group responsible for the outputs and the annual report decided to allow the different departments to account for “particular outputs”. The particular outputs did not fulfill the requirements of the production of physical or electronic objects and were not included in the list of output categories. Rather they were accounted for through narrations. One of the respondents in the working group that was also responsible for the annual report said:

Many are very skeptical, they are afraid that wrong conclusions will be drawn [...] many do not think that the output categories provide a true and fair view at all. Rather, they want to account for particular outputs. But, the auditors I have been talking to so far thinks this [the output categories list] is good, since it gives a quick overview.

The permission to account for particular outputs was a compromise that was made so that the different departments could provide the information that they regarded as important. The agency also made written statements about

what they had performed during the year without any connection to outputs or “particular outputs” at all and also provided reasoning regarding their outcome achievements. One of the respondents that was also responsible for the annual report said:

[...] the list of output categories does not provide a holistic picture of our activity [...] In addition to the output categories, they [the different departments at the agency] have accounted for particular outputs. [The respondent shows a chapter in the annual report] Here, it says what we do, in all sorts of ways; here, we write about outcome as well [...] we include everything we think is important. We include everything to get a holistic, fair view of our activity because the output categories list does not provide that. Therefore we have to supplement the output categories; we include some assignment from the regulation letter and outcome information, and we have mixed this into a great mixture of everything.

Thus, the frustrated situation caused by being made invisible was addressed by allowing the civil servants to account for their activity in a way that broke with the definition of output. However, this solution was temporary. The civil servants responsible for defining output and the annual report were worried about this decision because they were afraid of getting remarks from the financial auditors. One of them said:

Now [when the list of output categories is established], we have to see if this is what we wanted. Was this what we thought it would be? This is a little bit like trial and error, at the same time, the auditors have said to me that this is not a transfer rule, so we might get a remark for this.

When the list of output categories was published in the 2009 annual report approximately 40 percent of the civil servants' working hours were included in the list and the remainder was placed in the category called "other activity". Thus, according to the list, approximately 40 percent of the agency's working hours were devoted to completing outputs, whereas the remaining working hours were devoted to "other activity". This category was, however, not shown in the annual report. The working hours devoted to the output categories were multiplied by a standard rate. Included in the standard rate were overhead costs such as executive salaries, property rental expenses and costs for administration. Even other costs directly associated with the output categories, such as travel expenses and costs for consultants, were included in the costs for output in the output categories. The costs for the working hours devoted to "other activity" were also included in the standard rate for working hours, which means that they were treated as overhead when the overall costs were calculated.

The list was published in the beginning of the annual report with an explanatory text explaining that "the list does not comprise the whole of the agency's activity but is rather a sample" (Statens energimyndighet, 2009, p. 14). Instead of the previous activity structure presented in table 1, this annual report was divided into "activity areas" (e.g. "Energy market", "Energy research", "Increased energy efficiency") that were mainly based on the structure in the government's budget proposal for its energy policy. As stated above, each chapter contained written statements about "particular outputs" that sometimes corresponded to the definition of output and sometimes not. The SEA also provided written statements about outcomes. Although the agency's annual appropriation letter was much shorter, it still contained some report requirements similar to those presented in the appendix. These were addressed in a particular passage in the relevant chapters in the annual report.

Although the list was complemented with an explanatory text and the civil servants had been allowed to provide extensive narrative statements about their activity in each chapter of the annual report, the list caused open conflict at the agency when it was published, because so much of the civil servants' activities were excluded from the list. The common denominator for the work placed in the "other activity" category was that it did not generate physical or electronic objects that were possible to count.

The two main areas excluded from the output categories were the agency's "facilitating activities" and the agency's support to the government. The facilitating activities are managed through networks together with representatives from industry or municipalities or in direct contact with private households. Although this kind of activity constitutes a significant part of the SEA's activity, it was not possible to define the activity as output because it does not generate visible objects. One of the respondents in the working group responsible for the annual report said:

We have an enormous amount of contacts with municipalities and county councils in networks, but nothing of this is made visible; it does not fit [...] Networking activities are now accounted for as 'other activity' and end up among the 60 percent that is not possible to define as output. Our contacts with municipalities require a lot of our resources. We network in all sorts of ways, but that is not output according to the output definition [...] when we act in a network, we might, in the long run together with the others in the network, produce output in some way. But that is hard to know.

[...] we have decided that if we only participate in a network activity, such as a meeting, this will not be regarded as output. But if we deliver a product, such as a lecture during meetings

that results in a Power Point-presentation, e.g., or if we arrange the meeting ourselves, which results in documentation, then we produce output.

Thus, for the SEA's facilitating activities to be defined as output, they needed to result in physical or electronic objects, such as Power-Point presentations or other forms of documentation. Merely participating in activities was not considered concrete enough to fit the definition of output. However, the requirement for physical or electronic objects was not explicitly stated in the group, nor was it stated in the agency as a whole. When specifically asked if physical or electronic objects were a prerequisite for output, one of the respondents in the group answered:

No, it could be...I mean, it could be knowledge...how can I say...if we only participate in a conference...I mean somehow you have to...I think we feel that we have to have some sort of documentation...I think that's the way it is. That was an interesting question, I have not thought about that. But we have this demand for output, it is not outspoken, but I think all of us think that it has to be something that you can touch...I think that's the way it is...it could also be information we put on the web, but that is also documentation in a way.

The other main excluded area was the SEA's role as a supporting agency to the government and the government offices. At this point in time, the SEA had recently devoted significant resources to the international climate conference in Copenhagen in 2009, but none of this work was regarded as output. One of the respondents in the working group explained:

We have many of our people at the climate conference in Copenhagen [...] we spent a lot of time there [...] but we did not

produce any output. Right now, we are discussing this with our civil servants who participated in the conference because they consider their work to be output [...] many [of them] think they spent a lot of time and did all sorts of things down there.

The civil servants at the SEA working within areas excluded from the output types were worried, because their work was not shown in the output categories. They were worried about how the list of output categories would be interpreted at the MEEC but it gave the respondents some comfort that the ministry was so involved in the SEA's activity and was regarded to have sufficient knowledge about the agency's activity. However, they were more worried about actors who might read the annual report without knowing about SEA's activity. One of the respondents primarily working with facilitating activities and supporting activities to the government said:

[...] my concern is that our annual report is read by other people than the government [...] for us, the annual report is an extremely important channel. Believe it or not, but we use it, we refer to the annual report very often. We work hard with its text.

If some of our activity is not included, there is a risk...the annual report shall also send a signal back to us, about activity, how efficient it has been for example [...]. And the greatest risk of all is that an activity that is not visible might over time cease to exist, and somewhere in the future, money comes into the picture. As an example, we worked very hard with the climate negotiations. We had seven to eight people working with this last year, and each of them had 200 hours overtime or more. And there is not a single trace of that here [in the list of output categories]. But we write about it [...] we present it in text.

I think it is stupid [that our work in the climate meeting] is not included in the output types. Nothing has been such a politically hot topic as the climate issue. If you ask the Ministry of the Environment, we get very much credit for this. They even wrote us a letter of appreciation for our work in Copenhagen.

That the SEA's facilitating and supporting activity was appreciated and regarded as important on the ministerial level also became apparent in the interviews with civil servants at the MEEC. During the interviews, these respondents highlighted the SEA's function as a facilitating agency for increased energy efficiency as well as the agency's support function for the ministry with regard to energy issues. One respondent at the SEA working with supporting activities to the government said:

This has been a painful process [...] I would almost like to say that it has been fraught with conflict. There have been many upset feelings [...]. When we eventually understood what an output was, we realized that the majority of the activity in my department does not fit any output type. That is not good. Of course you want your activity to be accounted for in the annual report [...] now it becomes "other activity" [...]. I have to say that we have had a very frustrated atmosphere.

I think it is extremely sad that we do not account for this, especially our supporting activities to the government. It does not show [in the output categories] how much time we spend on this. [...] we are supposed to always be available when the government needs us, but we can't account for the time we spend on this. And then, when we shall ask for more resources [...] there is a risk that external actors get the wrong picture of

our activity, they might ask “how do they spend the rest of their time?”

As seen in the quotations from the two respondents above, being made invisible in the annual report was considered as a problem because the annual report was used daily by the civil servants to communicate their work to different stakeholders. There was also a fear of losing funding and of being perceived as not doing their job properly, even though they were doing what was expected of them by the government.

In addition to the concern of being made invisible, another respondent expressed the concern that a focus on outputs would distort the agency’s focus on its mission, understood as contributing to a more efficient energy system both in Sweden and globally. The respondent explained that the civil servants at the SEA are mission-oriented and that a focus on the output categories might lead to steering signals that conflict with the agency’s mission. The respondent explained:

It is a very important aspect [...] one of the most important reasons for working here is to be a part of changing the energy system, it is a strong driving force, we see that in our employee satisfaction surveys.

This notion was confirmed in several of the other interviews with the civil servants at the SEA. Several respondents stressed the importance of the government and parliament receiving “correct” information in the annual report so that informed decisions can be made regarding the SEA and regarding Swedish energy policy.

The second attempt to stabilize the situation – the quest to expand the definition of output

Because of the amount of working hours excluded from the output categories and the frustration and conflicts caused by the output categories, the management group at the agency decided that the list needed to be modified to include more of the agency's activity. Consequently, in 2010, the working group responsible for defining outputs received the task of further developing the output categories.

The working group held four meetings in spring 2010. The main issue was that the excluded activities did not produce any physical or electronic objects, which made it difficult to define them as output. At this point, the civil servants were aware of the unspoken requirement for physical or electronic products. Below is an extract from the discussions at one of the meetings. The respondents are numbered for the reader to distinguish between speakers in the conversations.

R1: We work a lot with the assignments that leads to a report. The report will be registered and journalized. But the support to the government that is not registered and journalized [is excluded], it could be that we negotiate on behalf of the government or write a PM to the government official who carries out the negotiations. In my department, we currently discuss starting to register and journalize this, to include it [in the output types] [...] but this is very much work.

R2: The reason why we demand registering and journalizing is because we have to know when an output occurs. We have to narrow it down as much as possible. If we widen the definition, we lose our sense of what an output is.

R3: If so much of what we do is not output, then why should we account for output if it does not say anything about what we do?

R2: It is decided that all of government shall be governed in this way, and we just have to accept it.

R3: We can't just accept it. We have to find a way that works for our activities, and we cannot just exclude a large part of our activities just because the SNFMA has decided that we shall provide our performance reporting in this way.

R2: No...

R3: I am only saying that we have to adjust this. We cannot get stuck in something that leads to 60 percent of our activity disappearing.

R4: We are supposed to provide a fair view of our activity.

R1: Exactly, we decide what a fair view is.

R3: We can't just register and journalize everything we do just to be able to account for output.

As seen in the discussion above, the civil servants began considering the possibility of creating the necessary documentation to include more activities into the output categories, but this approach was dismissed. For the civil servants responsible for the annual report, it was important to keep the definition of output provided by the SNFMA to avoid the chaos they had experienced at the beginning of the output definition process. Another reason why the guidelines were regarded as important was the fear, among the civil servants responsible for the annual report, of receiving criticism from the auditors, since the auditors conduct their audits on the basis of the SNFMA-guidelines.

In 2010, the output categories formed the basis for the internal four-month performance report. Each department was expected to report its performance based on the output categories. However, because the categories only in-

cluded a part of the agency's activity, the different departments insisted on including information in the report that did not fit the output categories. Therefore, beyond information about the work included in the output categories, the departments were instructed to report on "activities" as well. However, in one of the meetings with the group responsible for developing the output categories, this turned out to be a source of confusion:

R5: I have a question. In the four-month-report we are supposed to account for both activities and outputs. All of a sudden activities showed up. Are we supposed to account both for activities and outputs? Maybe we could have a discussion about this? Maybe we should have a category [in the annual report] that we call 'activities' to provide a fair view of our activity?

R6: The SNFMA does not allow for the use of activities in the annual report.

R5: Then it is strange that we have activities in the four-month-report, it is not consistent.

R6: That is because the heads of the departments want to inform the general director about what they are doing, even though we are not allowed to account for activities in the annual report.

R1: The SNFMA is very clear about what an activity is. An activity is something that leads to output. Maybe we should use another word?

R6: We might be able to call it outcome, goal or quality.

R1: Is it possible to use 'task', or does 'task' also need to lead to output?

R2: We have 'tasks' in our instruction.

R1: I just wonder if 'tasks' are included in this chain [the value- and results chain], do 'tasks' have to lead to output?

R6: I think we can squeeze it in under ‘goal achievement’ and ‘quality’.

R1: I don’t understand how we can do so much that is not output.

R6: Consider the example of networking and facilitating activities that we spend so much time on. This does not lead to output.

R2: Supporting activities to government and networking. These are the big issues...

R6: ...that does not fit here.

R2: We have to think about this, how we shall deal with it and how we can make it visible.

During this meeting, the group struggled to internalize more of the agency’s activity into the output categories, but it did not succeed. The group had realized that it would be very difficult to internalize more of the agency’s activities into the output categories. As seen in the discussion the group tried to develop other concepts or labels for the activity that was excluded from the output categories to make such activity visible in a structured way in order to satisfy the civil servants at the agency and to provide the ministry with the information it required.

The new guidelines for the agency’s performance reporting

To elucidate the concepts, the group developed internal guidelines for the annual report in autumn 2010. It was determined that beyond output, even “activities” could be accounted for and allocated to the costs of outputs. However, for activities to be accounted for, it needed to follow the SNF-MA’s definition of activity, which meant that it needed to lead to an output (see figure 1). Thus, activities that did not lead to output could not be accounted for in the annual report. The SEA defines activities in the following way in the guidelines for their annual report 2010:

Activities – Work aimed at completing a planned output.

Thus, activities refer to uncompleted work which will lead to an output.

However, because the annual appropriation letter still contains some report requirements, the SEA must report some activities that do not fit the SNF-MA-definition of activities or the definition of output. These additional activities were called efforts. Effort was defined in the following way in the SEA guidelines for the 2010 annual report:

Effort – That which is not activities or output, e.g., networking and support to the government and government organizations that is not documented, or the management of different systems. All work that can be regarded as overhead is also defined as efforts.

The efforts are not supposed to be accounted for in the annual reports unless they are requested in the appropriation letter and they are not tied to volume or costs.

Finally, outcome was defined in the following way in the SEA guidelines for the 2010 annual report:

Outcome – refers to something that happens as a consequence of the agency's output. Outcome can be accounted for in different ways. It can be the outcomes of previous work done by the agency, or it can be the expected future outcomes of current work.

As seen above, the definition of output governs both what can be regarded as “activities” and what can be regarded as “outcomes”. Activities refer to the work of completing visible objects, output refers to the actual delivery of the

objects and the outcome had to be generated by the activities that resulted in the objects. The agency's facilitating and supporting activities were still excluded from these concepts, which meant that the effects in society that are generated by this excluded activity are not considered to be outcomes according to the guidelines.

However, the different SEA departments did not focus much attention on the guidelines. The main difference in the annual reports of 2010 and 2011 (Statens Energimyndighet, 2010; 2011) is that the output categories are not listed at the beginning of the reports. Instead, the categories are presented in the chapters where they are relevant, showing the volume and cost for a certain output category in relation to a certain activity area. Thus, the output categories are still present, but there are also extensive written statements about "particular outputs" that sometimes correspond to the definition of output and sometimes not. In addition, the report requirements which still exist in the annual appropriation letter are addressed in a particular passage in the relevant chapters.

In short, the SEA accounts for output categories in terms of volume and cost, but the SEA complements the categories with extensive narrative statements to provide information about activities regarded to be important for external actors – and especially the government – to know. In all three annual reports, the SEA explains at the beginning that the output categories do not reflect all of the agency's activities. In the 2011 report, the agency also adds that the "efforts" the agency makes in accordance with the requirements in the annual appropriation letter, such as networking, lead to outputs from other actors. The SEA explains that many times, the agency serves as an information provider and catalyst, which "makes it possible for other actors, public as well as private, to reach results that are possible to define as outputs" (Statens energimyndighet, 2011, p. 8).

The main difference between the work of completing the annual reports of 2010 and 2011 compared to 2009 is that in the end of 2010 and especially in 2011 the situation had calmed down significantly. The civil servants who were excluded from the output categories make themselves visible through narrations and through the use of labels such as “particular outputs” that were used in direct relation to the presentation of the output categories. The Swedish National Audit Office accepted this solution due to the challenges presented by the quantification of the SEA’s activity.

Recent developments of the work defining output in the Swedish central government

It has proven difficult to define and account for output in several Swedish central agencies. In 2011, the Swedish government assigned the SNFMA to conduct a follow-up of the central agencies’ performance reporting after the new regulations came into force in 2009. In 2012, the follow-up was presented in a report (Ekonomistyrningsverket, 2012:27) in which the SNFMA established that several agencies find it challenging to define and account for their outputs. The SNFMA arranged focus groups for discussions about the new regulations and the SNFMA explains that:

In all groups the requirement to account for output (according to the standard definition) was questioned and regarded as delimiting, irrelevant or even impossible to carry out (p. 39).

The SNFMA also conducted interviews with the government ministries, and the presented answers correspond with the answers given by the respondents at the MEEC presented above. The SNFMA explains that their respondents “especially mentioned that output-reporting could seldom form the basis for the governments reporting to the parliament” (P. 39). The respondents at the

ministries had explained that the annual report was their main source of information about the agencies' performance and that the government and its ministries should be able to use it both in dialog with the agencies and to establish the budget proposal.

In the conclusion of the report, the SNFMA states that the difficulties that the agencies have experienced were caused by an aggravating interpretation of the regulation. The difficulties have mainly concerned accounting for outputs in a numerical way, but according to the SNFMA, the regulations allow for the agencies to describe the most important outputs and to sum up the costs for similar outputs. According to the SNFMA, nothing in the regulations prevents the agencies from providing the costs for output categories with verbal output descriptions. However, the SNFMA also states that its guidelines for the agencies' performance reporting should be developed and clarified. In particular, the guidelines should be complemented with examples of possible reasonable interpretations of the regulations. The SNFMA also suggests that it should establish continuous meetings and network-gatherings to develop the "frame of interpretation" of the regulations.

If it turns out that the wider interpretation of the regulation still does not work and that the regulations are interpreted in such a way that the agencies' performance reports become irrelevant after the annual reports of 2012 have been completed, the SNFMA suggests that the regulations should be reformulated. Rather than the current formulation, i.e., "the performance reporting shall primarily concern how the activity's outputs have developed regarding volume and costs", the SNFMA suggests the following formulation: "In the performance reporting, the agency shall describe and analyze its activity, how the result has developed and the costs of the result". In this way, the SNFMA explains that:

the words ‘primarily’, ‘output’, and ‘volume’ are removed. ‘Result’ shall be the central term [this way] the regulations become neutral to what kind of accounting categories (output, goal achievement, quality, etc. etc.) can be used in the performance report (p.44).

Recently, the SNFMA approached the SEA and argued that more of its activity should be included in the list of output categories. Consequently, during the last interview undertaken in the SEA by the author of this paper, the respondent explained that the work defining output will continue in 2012.

Discussion

In the previous section, a case was presented of an organization faced with a conceptual demand for performance reporting – the concept of output – but without any clear standard against which to judge its work. On the basis of this case, three themes will be discussed in the following section: the importance of distance and the role of representation, the importance of labels and of being made visible and the rationality of output.

The importance of distance and the nature of representation

The case of defining output – a concept broadly understood as “what the agency does” in the performance management investigation – in the SEA suggests that performance can be difficult to pin down even for those closest to it, which might also be the very reason that it is difficult. The performance management investigation established that the agencies themselves are best suited to decide which information provides a “correct picture of their activity” (p. 249). This realist view of performance suggests that performance is “out there” to be discovered and that it can be objectively written down in an annual report independent of the person making the observations and independent of the social process of representing organizational actions (Baxter

& Chua, 2008; Chua, 1986; Lukka, 1990). Taking a constructivist view of performance reporting, this paper sheds light on some crucial aspects to consider when performance is represented in a performance report. One such aspect is the importance of distance from that which is to be represented.

The new regulations for performance reporting implied that the civil servants at the SEA were faced with the task to translate their intersubjective understanding (Roberts, 1991; 1996; 2009) of what they do into output through the act of representation. Although the civil servants started to define their output in an enthusiastic way because of the new “freedom” they had in performance reporting, the process soon turned out to be difficult. The first attempt, “everything that the agency puts its time and resources on” was rejected because it was perceived as too broad; it would include everything they do. However, the first attempt says something about the civil servants’ view of their performance: what they do, they do for a reason; it is a part of their purpose in society and should therefore be considered in the performance report. Narrow the definition turned out to be problematic. It started to become difficult to agree and in this stage, the civil servants started to search for a standard. Questions about clarity and external definitions started to arise; *What is* output? What is *our* output? *When* does it occur? What is the meaning of “volume” of outputs? The civil servants had a hard time answering and agreeing upon these questions. Still, these questions had to be answered for the agency to be able to represent their actions.

The act of representation does not only overcome distances and makes it possible for the superior to govern from a distance (Miller & Rose, 1990; Prendergast, 2000); representation also *creates* distance from the object of representation (Webb, 2009) and representing something can also be regarded as a process of distancing oneself from what is being represented. A basic assumption behind performance assessment is that organizations create some

kind of value (Grafton et al., 2010) and when a performance report is written, this value is represented in the report.

As famously explained by Simmel (1978), value does not exist in the phenomenon that is to be evaluated; rather, it is “an addition to the completely determined objective being” (p. 60). The phenomenon being evaluated has to be made an object of evaluation. To achieve this, a separation between subject (the one doing the evaluation) and object (of valuation) has to be made. Value arises in the separation between the subject and the object of valuation, and to establish this distance, something needs to be brought between the subject and object to which the object can be related. Without this distance, Simmel argues that “our mind is completely submerged in it [the objects of valuation], has absorbed it by surrendering to it” (p. 65). Value enters into the duality between subject and the object of valuation as a third part that cannot be derived purely from either the subject or the object of valuation. Even though Simmel focuses his analysis on individual cognition, the distance created from organizational actions when the practices of accounting create “abstract spaces” of representation have been acknowledged in previous accounting research (Asdal, 2011; see also, Samiolo, 2012; Espeland, 1998). Informed by Simmel, we may conclude that in performance assessment, the act of representation creates the necessary distance for value – i.e., a notion of “performance” in this case – to arise. As Webb puts it: “When I am represented [...] I am subtly or explicitly changed by that representation, because I am separated from myself and made to see myself, as it were, from a distance” (2009, p. 27).

On the basis of Simmel’s work it makes sense that the civil servants at the SEA had a hard time representing their work. For the process of representation to take off, it had to start from a clear definition, a standard that work could be related to. When given the “freedom” to decide

themselves how to represent their performance, this turned out to be difficult. Although Roberts (1991; 1996) is critical towards the performance standard provided by the superior to organizational actors, he suggests that the standard provides a focusing point for the understanding of work in an organization. This paper adds to this argument by suggesting that the performance standard help to create the necessary distance from work (the object of valuation) to be able to represent it. When absorbed by their own work, it was challenging for the civil servants at the SEA to represent their work because this representation arises in the separation between themselves and their work. The separation was created by the performance standard which had to come from the SNFMA.

The standard for output provided by the SNFMA constituted something stable around which the process of representing performance could circulate and made it possible for the civil servants to establish the concepts and labels (Hall, 1997; Webb, 2009) necessary to represent their work in terms of output in the list of output categories. This does not mean that the applied standard had to be accepted in the organization. Rather, the list of output categories was regarded as an “violent abstraction” (Townley et al., 2003, p. 1058), that represented the civil servants’ work in a way that challenged their own understanding of their work, even though they had not been able to represent it themselves. The conflicts that the standard produced also revealed what aspects of their work that were important for the civil servants to include in the annual report. For the civil servants to know what they wanted to make visible (apart from everything the agency does), it first had to be made invisible by the external performance standard provided by the SNFMA.

The importance of labels and of being made visible

Even though the external performance standard made it possible for the civil servants at the SEA to find outputs, the vast amount of activities resulting in physical/electronic objects made the activities in the SEA visible in a way it was not made visible before. This became evident when the list of activities were “made sense of”, i.e., classified and labeled into eight output categories and a ninth category called “no output”. The list caused frustration among the civil servants ending up in the ninth category. First, the label “no output” in itself created frustration. As stated by Roberts, we tend to “recognize ourselves precisely in the ways in which we are made visible to others” (1996, p. 44; see also Quattrone 2004) and Hacking (2002), reminds us that labeling of people does not occur in a social vacuum in which those identified passively accept the label. Rather, individuals are affected by the label put on them, and “no output” as a new description of work made the civil servants feel insulted. However, to change the label to “other activity” did not help much. Ending up in that category and being rendered invisible in the list of output categories still caused the civil servants’ frustration.

As noted in the beginning of this paper, common to accounting studies is the view of accounting as a tool for enhancing accountability relationships by aligning the interests of the accountee with the interest of the one holding to account (e.g., Ezzamel et al., 2004; Gendron et al., 2007; Miller & Rose, 1990; Rose & Miller, 1992) by creating visible spaces of manageability in organizations. In these studies, visibility is understood as imposing something on individuals that makes them governable from spatial and temporal distances. In line with this notion of visibility, several studies have shown how accountees accept, escape and/or make use of such imposed visibility in various ways (Broadbent & Laughlin, 1998; Dambrin & Robson, 2011; Hood, 2006b; McGivern & Ferlie, 2007; Roberts & Scapens, 1990). Examples of this are “gaming” around targets and superficial absorption, i.e., de-

coupling of such targets at the local level (Broadbent & Laughlin, 1998; Hood, 2006b; McGivern & Ferlie, 2007) or to make use of invisible spaces to claim superior knowledge about operational matters (Roberts & Scapens, 1990).

The case of the SEA, however, suggests that visibility can be understood in a somewhat different way. To resist visibility or accept or make use of invisible spaces, e.g., was never an alternative for the civil servants at the SEA; rather, they did everything they could to be made visible. There were several reasons for the civil servants' eagerness to become visible in the annual report: the feeling of being overseen and seen as worthless, the fear of being perceived as not doing their job properly, the fear of not being funded and the importance that the government obtains correct information so it can make informed decisions. The feeling of being overseen and seen as worthless may be explained by Nicholls (2009), who suggests that performance reporting can act as a way of organizational self-legitimization and as an answer to questions such as "we do good things, don't we?" (p. 765). From this perspective, to be made visible in the performance report might be communication as much to the organizational actors themselves as to the consumers of the report outside the organization. The fear of being perceived as not doing the job properly relates to a fear of sanctions, which is a force that should not be neglected (Townley et al., 2003). However, the reason last mentioned, i.e., the importance that the government obtains correct information, seems to indicate something else.

As stated by one of the respondents, the civil servants in the SEA are "mission-oriented" in the sense that what motivates them is that their work will have an impact in society. The civil servants act as experts in their field and see themselves as an "extension" of the ministry. Their supporting activities to the government are perceived as highly important. This notion of the

SEA's activity was also shared by the respondents at the MEEC. The civil servants also stated that they refer to the annual report in their daily conduct and stressed the importance that the government receives "correct" information in the annual report to be able to make informed decisions. From this perspective, being made visible in the annual report and provide the government with "correct" information seems to be an important aspect in the quest to have an impact in society. Thus, being made visible, or being seen, can be regarded as important for actors in organizations and cannot automatically be presumed as something that meets resistance or results in behaviors such as "gaming" or "de-coupling". In the civil servants' quest for visibility, the last theme in this discussion section is brought to the fore, the rationality of output.

The rationality of output

The challenge to account for "outcome", understood as the effects in society of public sector activity, have been much elaborated in previous studies (e.g., Heinrich, 2002; Modell & Grönlund, 2007; Smith, 1993; 1995). The concept of output, however, has been less problematized, and it has been suggested that output is easier to account for than outcome (Modell & Grönlund, 2007; Pollitt, 1988). This indicates that output is somewhat taken for granted, which was also the case in the performance management investigation in the Swedish central government. However, it is not unproblematic to use the concept of output in the representation of organizational actions. This is shown by the SEA case. The concept of output is one of the "keywords in accounting" (Potter, 1999, p. 61) and can be understood as a "magic concept" (Pollitt & Hupe, 2011, p. 652) that functions as a "metacode" (Rottenburg, 2009, p. 173), i.e., a concept with universal validity that appears to be comprehensible in all frames of references. Although such concepts easily "travel" between contexts, they have to be operationalized and "filled" (Pollitt & Hupe, 2011, p. 649) in local settings. The work of the SEA to

“fill” the concept of output provides an opportunity to elaborate on the nature and rationality of this concept.

Even though the new regulations for the agencies’ performance reporting states that the agencies are free to define output themselves, the challenging endeavor to do this without a standard led to the implementation of the SNFMA’s definition of output. This definition, i.e., “services or products the agency fulfills to achieve its goals, that which ‘leaves the agency’, such as a report, a prescription or a paid grant” led to the notion in the SEA that for work to be regarded as output, it had to result in physical or electronic objects of some kind. This definition can be argued to correspond with the inherent meaning of the word output. To put something out, something has to leave a certain space and enter another, which requires clear delimitations of both the spaces and the thing that leaves and enters them. The decision that visible objects had to “leave the building” and “be open to the general public” made it possible for the SEA to know that this movement had occurred. However, when the SNFMA provided its definition of output, it also introduced a certain rationalization of the SEA’s conduct, the value- and results chain (figure 1).

This rationalization of organizations is not new and not isolated to the workshops held by the SNFMA; rather, it is a universal model for organizational value creation commonly used in performance assessment practices and in “management by accounting” (McSweeney, 1994, p. 237; see also, Flynn, 2007; Gendron et al., 2007; Johnsen, 2005). Townley et al. (2003) refers to this as an instrumental rationalization that views organizational conduct as a linear series of causal means-ends relationships. Although the performance management investigation in the Swedish central government did not want to standardize the agencies’ performance reporting and criticized the uniform “activity structure” for being built on an assumption that

there exist an “unbroken chain of means-end relationships” (p. 255), this structure was replaced in the SEA with another means-end rationalization because of the use of the concept of output and the challenging endeavor to account for performance without a pre-established standard.

In the quoted discussions from the meetings held in the SEA to extend the definition of output, the tension in the agency that this logic produced can be seen. Drawing on Townley et al. (2003), this can be understood as a tension between “reasoned justification”, which refers to “the process of bringing to light the justifications by which actions and policies are pursued” (p. 1045), and instrumental rationality stressing casual means-end relationships. Reasoned justification refers to communicatively shared understanding of organizational performance achieved through discussions, similar to Roberts’ (1991; 1996) notion of local intersubjective understanding of work. On the one hand, the applied definition of output and the instrumental rationalization of which it is a part were protected because of the fear of ending up in a situation where output could be everything and the fear of receiving remarks from the auditors. On the other hand, the communicatively shared understanding about the agency’s activity informed the civil servants that more had to be included in the output categories.

As mentioned in the beginning of the paper, Townley et al. suggest that instrumental rationality can work as a “linguistic shorthand, a useful instrumental mechanism for coordinating action that frees people from the burden of continuous engagement in communication” (p. 1053). Therefore, instrumental rationalization can, for example, facilitate and complement reasoned communication about performance in a performance report. In a way, this happened in the SEA because the definition of output and its rationalization constituted something stable around which the process of representing performance could circulate. However, the authors also explain that if instru-

mental rationality comes to dominate it may act as a counteracting tendency against reasoned justification. Indeed, in the effort to extend the definition of output, this happened in the SEA. One example was when the concept “activities” caused confusion because it was used in the internal four-month period report but was not allowed in the external annual report. Using the term in the annual report to make more activity visible was rejected because activities had to lead to output according to the input-outcome rationalization. Therefore, to operationalize the reasoned justification by calling excluded work “activities” was undermined by instrumental rationalization. Another example was the new guidelines for the annual report 2010, where the definition of output and the linear input-outcome logic also affected the definition of outcome.

Still, whereas Townley et al. (2003) presents a case in which instrumental rationalization comes to dominate reasoned justification, this did not happen in the SEA. To document more activity to be able to call it output was dismissed, and even though the guidelines for the agency’s performance reporting for 2010 were dominated by instrumental rationalization, the guidelines were not adhered to by the civil servants; rather, they made sure that they were made visible in the annual report in various ways that did not correspond to the instrumental rationalization in which the concept of output is embedded.

Conclusion

What have we learned from this paper? The paper shows that representing organizational activities is a process in which the importance of distance from that which is represented seems to play a significant role. Therefore, for information about performance to “travel” and enable government from a distance, a distance from the objects of representation must be created. Accounting and performance assessment overcomes distances by creating them.

Still, because the practice of accounting and performance assessment is sensitive to the concepts it mobilizes, the interaction between labels and labeled actors, technical constraints, actors' behavior in relation to imposed visibilities/invisibilities and the fear of the auditors, the process of representing performance is a fragile process.

The paper has also shown that in "mission-oriented" organizations such as the SEA, visibility in an annual report can be regarded as an important tool to succeed with ones' mission. Therefore, instead of merely understanding visibility as something imposed upon organizational actors, "to be made visible" can also be regarded to facilitate "reasoned justification" (in the case of the SEA, what justified action was to have an impact in society) in an organization.

Lastly, output is far from a neutral concept, a finding that the SNFMA also seems to have realized. Rather it is a concept that calls for a certain rationalization of organizations and clear delimitations of organizational conduct into things that can be seen to leave one space and enter another. Consequently, the meaning and role of different concepts, or "metacodes" (Rottenburg, 2009, p. 173), should be taken into account in our quest to understand the dynamics involved in organizational performance reporting.

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APPENDIX

Extracts from the SEA's annual appropriation letter 2008.

Policy area Energy policy

The goal is to facilitate the transition to the Swedish Energy Policy to secure short-term and long-term provision of electricity and other forms of energy under internationally competitive terms. The energy policy shall create the conditions for efficient and sustainable use of energy and the cost-efficient provision of energy in Sweden with a low negative impact to health, the environment and climate. Another goal is to facilitate the transition to an ecologically sustainable society, thereby fostering sound economic and social development in Sweden.

The energy policy shall contribute to broadened energy, environmental, and climate cooperation in the Baltic Sea Area.

Further relevant goals for the energy policy are written in the parliament act of June 2002 [...]

Report requirement

The agency shall provide an overall assessment of the development within the energy area against the background of the energy policy goals.

Activity area Policy for a sustainable energy system

The goal is to optimize the use of energy with consideration of natural resources. Strict standards shall be applied for safety and consideration of health and the environment during the transition and development of all energy technologies.

Report requirement

The agency shall provide an overall assessment of development within the areas of efficient energy use and renewable energy resources regarding costs, efficiency and impact on the environment and climate as well as the rate of development.

Activity branch Long-term development of the energy system

Research, development and demonstration within the energy area

The goals are:

- To build necessary scientific and technical knowledge and competence within the universities, institutes, agencies and the industry to make a transition to a sustainable energy system possible.
- To develop technology and services that can be commercialized by the industry and thereby contribute to the transition to a sustainable energy system in Sweden, as well as in other markets.

Report requirements

The agency shall account for prioritized areas and how its activity has been designed according to the methodology confirmed by the parliament.

The agency shall, for each area of development, account for the following:

- The number of funding decisions and the share of the total amount of decisions.
- Approved funds for programs and projects and the share of the total amount of approved funds.
- Allocation of project funding to universities, institutes, industrial bodies and public bodies.

For each area, the agency shall account for essential results. [...]

Activity branch Increased energy efficiency

Goals for local and regional cooperation

The goals are the following:

- To facilitate local and regional cooperation regarding energy efficiency.
- To strengthen and develop municipal energy- and climate guidance and the regional offices' activity.
- To adjust the program "sustainable municipality" to make it possible for more municipalities to participate and to adjust the program to make it possible to administer the program on a regional level in one or more pilot counties during 2008.

Technology procurement, market introduction, energy-efficient products

- The goals are the following:
- To accelerate the market introduction of new and existing energy-efficient technologies.
- To stimulate the development and increased market introduction of energy efficient technologies through technology procurement, as well as to increase the marketing of their results.
- To develop tools for energy efficiency and decreased pollution.
- To develop pilot programs for increased energy efficiency for small and medium enterprises.

- To strengthen and develop the efforts within the frame of the eco-design directive.

The Swedish Energy Agency's Test lab

The goals are the following:

- To increase awareness about energy-efficient products among companies and the general public and to facilitate the development of new product by means of testing energy intensive products.
- To stimulate the development of energy-efficient systems and products by marking and standardizing.
- To control the achievement of standards [by testing products].

Information, education, spreading of knowledge

The goals are the following:

- To increase the awareness in small and medium enterprises about climate issues and increased energy efficiency.
- To increase the awareness among children and teenagers, both boys and girls, of energy and climate issues.
- To develop new methods to have a greater impact among the recipients of information campaigns and methods to influence behavior among the general public and companies, etc., to facilitate increased energy efficiency.
- To increase awareness among consumers and other stakeholders of increased energy efficiency and decreased pollution.

Sector-oriented cooperation

Through cooperation with concerned agencies, companies and organizations the agency shall develop arrangements that contribute to decreased pollution and increased energy efficiency in the transport sector.

Report requirements

The agency shall account for the activities it has performed to realize these goals. The agency shall, in particular, account for the results in increased energy efficiency or other effects among stakeholders or recipients of the agency's efforts. Gender-specific statistics shall be provided when relevant.

Activity branch Program for energy efficiency in energy-intensive companies

Goal

The goal is for the program to facilitate an efficient use of energy, in particular electricity, among the participating companies.

Report requirements

During the programming period, the agency shall provide annual accounts of the number of companies that participate in the program, as well as the num-

ber of approved applications. The agency shall also account for the total use of electricity and electricity production in the participating companies, as well as calculated tax reduction during the year.

For companies that have participated in the program for two years, the agency shall account for the number of companies that have implemented a certified energy management system. The agency shall also, on an aggregated level, account for the effects that these companies estimate to achieve with the measures taken for more efficient energy use. The account shall also contain information about the companies' total energy consumption and production, as well as calculated tax reduction during the first and second years.

The agency shall continuously account for the realization of the program in the companies.

After the fifth year of the program (2009), the agency shall account for total goal achievement in the following terms:

- The number of companies that have met their commitments and the number of companies that have not.
- Increased energy efficiency in relation to the estimated level in year two.
- Increased energy efficiency in relation to the increased energy efficiency one could have expected with an alternative use of the electricity tax.

Activity branch Facilitating activities for wind power

The planned goal for wind power is an annual capacity of 10 TWh until 2015. The agency shall support and facilitate this large extension of wind power. As part of this work, the agency shall increase the level of knowledge regarding the qualities and potential of wind power. As a national expert organization, the agency shall be the driving force in national efforts to facilitate the development of wind power.

During 2008, the government desires to create a national network for wind power in which the Energy Agency is the center. This network shall include economic support for certain investments in wind power with the purpose of strengthening the creation of knowledge of wind power, as well as collective efforts concerning information and knowledge sharing regarding wind power. One central task is to make use of local ongoing and new regional initiatives of national concern.

Report requirements

The agency [SEA] shall account for its most essential activities that have been conducted during the year in relation to the agency's goals. The agency shall, in particular, account for its work to accomplish the following:

create conditions for achieving the goal of the annual capacity of 10 TWh until 2015 through continuous updating of national interests for wind power and by updating regional goals; facilitate efforts for the market introduction of wind power in order to contribute to a significant increased production of electricity from wind power, with the purpose of decreasing the cost to establish wind power; create favorable conditions for an extension of wind power through effort research, development and demonstration efforts; increase the understanding of the qualities and potential of wind power through information campaigns; develop a national network for wind power; be an active participant in meetings; and educate civil servants in other agencies, especially in the municipalities and the county administrative boards.

Activity branch International cooperation

Goal for the international cooperation

The goal is to facilitate the long-term development of the energy system by international cooperation. This includes communicating international experiences of technical development in the energy area to Swedish stakeholders and also communicating Swedish experiences to the international arena.

Report requirements

The agency shall report its most essential activities and estimate the outcome and costs of international cooperation.

Goals for the EU cooperation

The goal is that the agency shall be able to quickly provide grounds for decisions regarding Swedish participation in EU cooperation and to support the government in EU negotiations.

During 2008, the agency is primarily supposed to do the following:

Support the government (Ministry of Industry, Employment and Communications) with analysis and grounds for decisions regarding the processing of forthcoming proposals for directives regarding renewable energy.

Together with the Swedish Environmental Protection Agency, provide an analysis and grounds for decisions for the processing of forthcoming proposals concerning the workload distribution within the frames of the common climate agreement to the government (the Ministry of the Environment).

Support the government (the Ministry of the Environment) with analysis and grounds for decisions in the international climate negotiations, especially regarding flexible mechanisms.

The goal is increased and focused Swedish participation in the EU programs. Areas of particular importance for the transition and long-term development of the Swedish energy system shall be prioritized. The agency shall, in cooperation with other stakeholders, fulfill assignments to facilitate Swedish actors' participation in the EU's framework program for competitiveness and innovation (CIP) and the sub-program Intelligent energy – Europe, for which the agency holds the main responsibility (with the areas of increased energy efficiency in SAVE, renewable energy sources in ALTENER, energy use in the transport sector in STEER), the Energy Star Program and EU's seventh framework program for research and development. Because the agency acts in international contexts, in particular in the EU, the focus and strategy for important matters shall be designed in cooperation with the Government Offices and, where suitable, instruction shall be developed.

Report requirements

The agency shall account for essential efforts and the categories of actors that have participated in the efforts. The agency shall also account for the connection between efforts and areas of development. For the current projects costs, the for administration and activities connected to the programs, such as planning, follow-ups and assessment, shall be accounted for.

Making numbers calculable

- A case study of the production of governable numbers

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Abstract

This paper builds upon a case study of the way organizational activities are represented with numbers in a performance report. A common notion in accounting literature is that accounting numbers enable “government at a distance” (Miller & Rose, 1990, p. 9) by making organizational activities visible, calculable and comparable. The paper shows that if organizational activities are to be represented with numbers that can be calculated and compared, these numbers must *be made calculable*. For this to happen, the represented activities must be *framed* in a certain way. Drawing on Goffman’s (1974) frame analysis, this paper suggests that organizational activities have to be *keyed*, i.e., transformed, into quanta and then *re-keyed* into generic concepts. Only then can the numbers be open for calculation by others and used as a tool for governing. The paper also shows we should not overestimate the capacity of accounting numbers to enable government at a distance.

Key words: Accounting numbers, performance measurement, calculability, comparability.

Introduction

The capacity of accounting practices and accounting numbers to render individual and organizational activities visible, calculable and comparable (Miller, 2001) and to enable “government at a distance” (Miller & Rose, 1990, p. 9) has been widely discussed in the accounting literature. Accounting numbers are proclaimed to have a special capacity to transcend spatial and temporal distances (Robson, 1992), and several studies (e.g., Miller & O’Leary, 1987; Ogden, 1997; Rose, 1991; Miller & Napier, 1993; Rose & Miller, 1992; Samiolo, 2012) have shown that the calculative practices of accounting create visible spaces through the use of abstract generic concepts such as standard costing, efficiency (Miller & O’Leary, 1987), and value-added (Miller & Napier, 1993), which in turn make them open for calculation and control by others.

This paper adheres to the capacity of accounting to render organizational realities visible, calculable and comparable. However, it also suggests that previous studies regarding the use of accounting numbers for long-distance control and their ability to render organizational conduct visible, calculable and comparable are vague in their explanations of the derivations of such numbers. The main body of accounting literature addressing this topic applies a top-down approach and a level of analysis that might be referred to as “programmatically discourses” (Miller & O’Leary, 1987, p 240) that views accounting as a technology for the articulation and realization of political programs. In contrast, this study applies a bottom-up approach by analyzing how numerical representations of organizational activity are produced when they are provided in such a way that the activity is open for calculation by others. Miller (2001) argues that “the calculative practices of accountancy have one defining feature that sets them apart from other forms of quantification: their ability to translate diverse and complex processes into a *single financial figure*” (p. 381). But how is this financial figure derived? How is

organizational activity transformed into one single figure that is calculable and comparable? The assumption behind this concern is that representing an activity with numbers up to the level of calculation and comparison requires that *the numbers are made calculable*, which also means that the activity to be represented must be framed in a certain way. Drawing on Goffman's (1974) frame analysis, this paper reports on a case study of the framing of the activity in the Swedish Energy Agency (SEA) where the activity is represented in terms of the number and cost of "outputs" in the agency's performance report. Through this study, the paper analyzes the process of producing calculable performance numbers, which in turn makes the organizational activity open for calculation and comparison by others.

Much has been written about the measurement of individual and organizational performance and the topic has been approached from many different angles. Several studies have used a technical approach addressing implementation, use, and design issues of performance measurement systems (e.g., Boland & Fowler, 2000; Heinrich, 2002; Koppenjan, 2008; Sanger, 2008; Schalock & Bonham, 2003), with the underlying assumption that it is possible to produce "better" accounts through technical development (Broadbent & Guthrie, 1992). Other studies have addressed different types of dysfunctional behavior performance measures can lead to in organizations such as gaming (e.g., Bevan & Hood, 2006) as well as the inability of measurement to capture the essential values created by organizations (e.g., Carter, 1989; Smith, 1990; 1993; Strathern, 2000) and thus the inability of such measures to provide sufficient information for managing organizations. Other studies emphasize the social construction of performance measures and the relative-ness of concepts such as "efficiency" (e.g., Humphrey & Pease, 1992). There are also studies that aim to add to the literature examining the technologies of government and their relationships to political programs. For example, Gendron et al. (2007) examine the role of expertise in stabilizing the link

between political programs and the technology of performance measurement. Kurunmäki & Miller (2006) illustrate what happens when programmatic ambitions that are to be realized through performance measurement meet challenges on the operational level, such as organizational and professional boundaries. Asdal (2011) questions the ability of accounting numbers to enable long-distance control and presents a case where accounting actually disables authority from a distance rather than enforcing it. Seabra-Lopes (2011) investigates the proclaimed ability of accounting numbers to travel across space and time and explains that numbers often are “decorated” (p. 468) with images, diagrammatic representations and narrations when they are presented in a report to make them more comprehensible (see also Mouritsen, 2001; Quattrone, 2009). Even though many aspects of performance measurement and the use of numbers for long-distance control have been addressed in the previous literature, micro-studies of the production of calculable numbers, i.e., the transformation of organizational activity to numerical representations that are open for calculation by others, are less common.

In the theoretical work on “fundamental issues in performance measurement systems”, Power (2004, p. 765) introduces the terms “first- and second-order measurement”. First-order measurement refers to processes of classification in which categories of similarities are established and qualities are transformed into quanta. Second-order measurement, on the other hand, refers to the further aggregation of numbers and the further creation of ratios and indices; in other words, the level of measurement where performance has been rendered visible, calculable, and comparable and further calculations can be performed. Even though Power’s theoretical work is insightful, it provides no empirical examples of first-order measurements and does not include much about the manner in which such a process is executed in practice.

This paper proceeds by presenting the theoretical framework, which consists of Goffman's frame analysis, Power's (2004) theoretical work on performance measurement and previous studies addressing quantification and the use of numbers in social situations. The paper then introduces the methods used in the empirical study. Thereafter, the paper describes the work done by the Swedish Energy Agency (SEA) to define its output, and finally it discusses the results and concludes.

Theoretical Framework

Frame analysis

This paper uses Goffman's (1974) frame analysis as the main analytical framework. Goffman's comprehensive work on social interaction comprises interaction between humans as well as between humans and non-human actors such as accounting techniques. A frame analysis is an investigation into the manner in which social interaction is organized by frames. A frame is defined as a scheme of interpretation that "allows its user to locate, perceive, identify, and label a seemingly infinite number of concrete occurrences" (Goffman, 1974, p. 21). Humans use a frame to ascribe meaning to different events and to make sense of their surroundings, which also makes it possible for them to act.

Framing and keying

When Goffman developed his frame analysis, he partially drew on Bateson's (1972) notion of frame. To Bateson, a frame is a context marker that needs to be understood as meta to behavior and meta to language. These context markers make it possible for us to say "this is art", "this is crime", "this is religion" and so forth. Goffman (1974) further elaborated on Bateson's notion of frame in his frame analysis and introduced the central concept of "keying". Keying refers to a "set of conventions by which an activity, one already meaningful in terms of some primary framework, is transformed into

something patterned on this activity but perceived by the participants as something totally different” (Goffman, 1974, p. 43-44). In other words, keying refers to a shift of frame.

Goffman (1974) often uses the theater as an illustration in his work: If two persons had a fist fight on the street, Goffman (1974) stresses that onlookers would probably frame it as a fist fight and someone might try to interrupt the fight or call the police. If we put the people who are fighting on a theater stage, onlookers would regard the situation differently; it would be a theater play. In this example, a shift in the framing of the activity has taken place (from a fist fight into a play). Goffman is interested in how keying is made possible. In the example of the keying of a fist fight into a play, the stage, the drop cloth, and the costumes might constitute a meta message or, in Goffman’s terminology, “cues” communicating that “this is theater”. Goffman suggests that “cues will be available for establishing when the transformation is to begin and when it is to end, namely, brackets in time, within which and to which the transformation is to be restricted [...]” (p. 45). Goffman (1974) explains that the participants in the frame are governed by the frame at the same time as they maintain it. In the example, the audience knows its “role” during the play and acts according to it; for example, normally no one in the audience would try to interrupt the fight on the stage or call the police.

Goffman (1974) further explains that the keying of an event also is vulnerable to “re-keying”. Again, we can use the metaphor of a theater play. If we consider a play to be a keying of a literal event, such as a fight in the street, then the rehearsal of the play can be considered a re-keying. What is rehearsed is the play, which is already a keying of a literal event. Thus, a re-keying is not a keying of a “primary” frame (the street fight); rather, it is a keying of the keying. The primary frame still has to exist, otherwise there

would be “no content to the re-keying” (Goffman, 1974, p. 81), but it is the keying of the primary frame that is transformed during re-keying. Thus, we can now discuss layers of frames, and each transformation can be thought of as adding a layer to the activity through “upkeying” (Goffman, 1974, p. 366). The innermost layer is that understood as the actual event, such as the street fight in the example above. The outermost layer in the example is the rehearsal of the play. This layer, or the rim of the frame, tells us about the status of an activity, regardless of the complexity of the innermost layer of the frame. The opposite of upkeying is “downkeying” (Goffman, 1974, p. 359). Whereas upkeying refers to “a shift from a given distance from literal activity to a greater distance” (p. 366), downkeying is the act of subtracting laminations from the framed activity and thereby reducing the distance from the literal activity.

In this paper, the same perspective is applied to the production of numerical representations of organizational activity, i.e., performance measurement. When everyday activity in an organization is measured, an accordant shift in the framing of the activity needs to take place; in other words, the everyday activity needs to be keyed into numbers that are open for calculation by others and thereby possible to be acted upon by others. Thus, the applied perspective in this paper is that the measurement practice establishes a boundary between everyday activity and performance and establishes a frame that communicates “this is performance”. Similar to the manner in which a play keys literal events, a performance report keys activity in an organization. This paper’s interest lies in what makes the keying possible. In the example above, the stage, the drop cloth and the stage clothes might communicate “this is theatre”. But what is it that communicates “this is performance” when performance is measured and presented with numbers that are open for calculation by others? What are the “cues” (Goffman, 1974, p. 45) that make possible the keying of everyday activity into calculable numbers?

Out-of-frame activity and frame breaking

When activity is framed in a certain way, Goffman suggests that it is inevitable that other modes of activity “will simultaneously occur in the same locale [...] and will be treated, when treated at all, as something apart” (p. 201). This activity is treated as out-of-frame, subordinated to what has been defined as the main action. Goffman explains that even though certain things are not included in the content of the framed activity, they may still serve as a means of regulating, bounding and articulating the framed activity. Goffman calls these things “directional cues” (p. 210). Directional cues have the quality of not being perceived as focal, but they still organize what is attended. Goffman uses the example of a conversation in which such cues could be hand gestures or facial expressions. Still, Goffman suggests that there will always be things beyond the “evidential boundary” (p. 215) established by the directional cues. Everything beyond this boundary will be concealed by the boundary. Consequently, directional cues are treated as out-of-frame, whereas everything behind the evidential boundary is actually out-of-frame.

Goffman argues that a frame organizes the meaning of events and also organizes participation. In a framed event, participants will not only obtain a sense of what is going on but will also to some extent be engrossed in and governed by the frame. However, even though applied frames are expected to enable their participants to come to terms with events, it is always possible that unmanageable events may occur; that is, occurrences “which cannot be effectively ignored and to which the frame cannot be applied” (p. 347), which according to Goffman results in bewilderment and chagrin among the participants. Thus, a break in the application of a certain frame can occur, i.e., a break in its governance. In such occasions there may occur an uncontrolled and disorganized “flooding” (see p. 351-359) of possible interpreta-

tions of what is going on in a particular situation that transcends the boundaries of the frame.

Accounting numbers and frame analysis

Drawing on Goffman's (1974) frame analysis, Vollmer (2007) offers a comprehensive conceptual framework for analyzing the utilization of numbers and thereby draws attention to "general patterns of the use of numbers in social situations" (Vollmer, 2007, p. 578). Vollmer makes the distinction between the reproductive and consumptive use of numbers; these distinctions involve different ways of framing the numbers. Whereas the reproductive use of numbers refers to one way of framing the numbers – the frame of arithmetic – in which differences and similarities can be expressed in terms of "more" or "less" or "equal to", the consumptive use of numbers comprises value judgments such as whether a certain number is "good" or "bad". In consumptive use a broader range of political, scientific, ideological, moral and organizational frameworks are activated. Consequently, there is a single reproductive frame, similar to Power's (2004) concept of a second-order measurement, and a multitude of frames of consumption.

Vollmer (2007) explains that when we shift from the consumptive to the reproductive use of numbers, a shift in framing needs to take place. Vollmer (2007) notes that the shift from a consumptive frame to the frame of reproduction is an upkeying process in which a shift from a given distance from literal activity to a greater distance from literal activity is established. The shift from the reproductive frame to a frame of consumption, on the other hand, is a process of downkeying numbers, i.e., subtracting laminations from the framed activity in "an attempt to more explicitly establish and negotiate the stakes expressed by a number or a set of numbers" (Vollmer, 2007, p. 587). Within the reproductive frame, the calculative quality of numbers is emphasized by relating numbers to other numbers, and within this frame-

work all numbers are equivalent. In consumptive usage, on the other hand, each number is different. Vollmer's paper is informative, but Vollmer addresses numbers once they are already produced and does not investigate how numbers are produced in such a way that they are possible to use in the reproductive frame of arithmetic; i.e., how *numbers are made calculable* is not addressed by Vollmer. To produce numbers that can be used in the frame of arithmetic can in itself be perceived as an up-keying process in which "a shift from a given distance from literal activity to a greater distance" (Goffman, 1974, p. 366) is taking place.

In the reproductive frame of arithmetic (Vollmer, 2007), second-order measurement (Power, 2004), i.e., the further aggregation of numbers and the further creation of ratios and indices such as ratios of outputs in and between organizations, can be performed. Once information is rendered comparable, e.g., in terms of the number of outputs, the numbers can be reproduced in the reproductive frame of arithmetic. Power's notion of first-order measurement is an example of upkeying, in other words, a shift in distance from literal activity to a greater distance. First-order measurement enables second-order measures, which can be understood as the further aggregation of numbers and the further production of ratios and indices, such as ratios of outputs in and between organizations. Once information is rendered comparable, the numbers can be reproduced in second-order measurements in the reproductive frame of arithmetic, which in turn enables "government at a distance" (Miller & Rose, 1990, p. 9).

However, Power (2004) would argue that to reach this level of measurement, efforts needs to be made to establish categories of similarities. Even though Power's distinction between first- and second-order measurements is purely conceptual and lacks empirical results, it indicates that the process of upkey-

ing towards a frame of reproduction – such as the number of outputs – for the further aggregation of numbers can be a difficult path.

Production of calculable numbers and frame analysis

Making things calculable and comparable can be perceived as a complex process in itself that can require significant social and intellectual investment. For objects and events to be made comparable, they have to be measured with a common metric such as the number of outputs within or between organizations. The common metric reduces qualitative differences and instead expresses differences (or similarities) as magnitudes, i.e., precise matters of more or less (Espeland & Stevens, 1998; 2008) in the frame of arithmetic (Vollmer, 2007). In Robson's (1992) paper on accounting numbers as inscriptions (Latour, 1987) and their extraordinary ability to enable action at a distance, he states that "combinability is the most obvious triumph of the numerical inscription" (Robson, 1992, p. 697). Combinability arises when qualities are transformed into numbers and then combined as concepts. Due to "the power of numbers qua numbers" (p. 698), Robson suggests that we can add different objects such as apples and oranges and relate them to a common denominator, such as fruit. Thus, the production of numbers also implicates the establishment of concepts to which the numbers can be ascribed. Enumeration needs kinds of things to count, which makes counting an activity that is "hungry for categories" (Hacking, 1982, p. 280). Without the establishment of concepts, no calculation would be possible to execute.

In Frege's (1950/1980) work on the foundations of arithmetic, he stresses that it is commonly assumed that numbers are abstractions of complex contexts, and he nuances this notion a bit by arguing that numbers as such do not abstract anything; rather, it is the concepts to which the numbers are attached that are the abstractions. We only think of things in terms of numbers once the things have been reduced to a common genus. In order to talk

about the frequency of things, the name of the thing has to be generic; it has to be a concept word. Concepts are powerful because they bring things together and make them comparable. Through this process “the numbers come to stand for the conceptual entities” (Robson, 1992, p. 688), and they are “implicated in the creation of new categories of “object” or “entity” (Robson, 1992, p. 698).

Therefore, producing calculable numbers as representations of organizational activity implies the classification of the activity into concepts to which numbers can be attached. Classification, in turn, involves division (Catasús, 2001; Gröjer, 2001). To classify is also to divide the world into mutually exclusive or contradictory entities, and through this division we also represent reality in a certain way. Representation through division is “not only an act of breaking things down into their parts; it is also about presenting a specific holistic point of view” (Catasús, 2001, p. 122). To divide the world into concepts is also to make it visible because “vision is an intrinsic component of division” (Cooper, 1997, p. 33). The concepts established in the process of calculation are fixed visibilities to which diverse processes can be attached. Consequently, when we divide the world into concepts, we establish boundaries that represent and ascribe meaning to events; in other words, we frame the events. In this regard, Goffman’s (1974) notion of framing and keying is useful in allowing us to focus our analysis on the type of representation that performance numbers establish and how such representation is established.

Methods

The Swedish Energy Agency (SEA) was founded in 1998; it is a central government agency for national energy policy issues with approximately 350 employees. The agency’s mission is to facilitate the development of the energy system both in Sweden and on the global level, so that the energy sys-

tem will be both economically and ecologically sustainable. The activities of the SEA are diversified, and the agency operates in various sectors of society to create the conditions for efficient, sustainable energy use and a cost-effective energy supply. The SEA supports research for increased energy efficiency and provides services such as knowledge support for energy efficiency in municipal and industrial networks and products such as electronic energy efficiency calculation models for private households, which are available on their homepage. The agency also acts as an expert organization in energy issues and supports the government with expert knowledge in various situations, for example, at international conferences such as the climate meeting in Copenhagen in 2009 as well as through daily support in energy matters. The SEA is governed by the Swedish Ministry of Enterprise, Energy and Communications (MEEC), but it also receives assignments from the Swedish Ministry of the Environment and the Swedish Ministry of Defense. The agency is divided into six departments; the Central Office, the Support Department, the Energy Analysis Department, the Energy Technology Department, the Energy Efficiency Department and the Market Development Department.

The empirical material in this paper was gathered from a case study of the SEA's work to define its output from October 2009 to December 2011. The study comprises several qualitative methods. A total of 24 interviews were conducted with 16 civil servants at the SEA who were involved in defining the agency's output and with three civil servants at the MEEC. The respondents at the SEA come from all departments at the agency and the respondents at the MEEC all have experience working with the SEA and knowledge about the agency's activities. Interviews lasted between 60 and 90 minutes and at the beginning of each interview, anonymity and confidentiality were discussed and assured. An interview guide was developed before the interviews. The interviews were conducted during the entire case study period,

from October 2009 to December 2011. The author also attended all four meetings held by a group tasked with developing the agency's definition of output. The meetings and the interviews provided information about the process of defining output in the agency, the different challenges in defining output and how the agency dealt with the problems they faced in this process. This will be elaborated on later in the paper.

The author of this paper belongs to a research program examining the development of performance management practices in the Swedish central government. This research program is based on networking between government officials and a large number of government agencies. The SEA is one of these participating agencies and in the context of this research program, the researcher had the opportunity to engage in several informal discussions with civil servants at the SEA regarding the process of establishing output. The author also held informal discussions with civil servants at the Swedish National Financial Management Authority (SNFMA) that played a central role in the SEA's work to define output. The interviews and the meetings were digitally recorded and transcribed. After the informal conversations, written notes were taken. In addition, internal documents concerning the SEA's definition of output were reviewed as well as public documents about the SEA's activities in general to gain an understanding of the context of the case. Different qualitative methods were used to unearth written material and verbal communications, both among the respondents and between the respondents and the researcher.

The SEA's 2009 annual report was the first in which the SEA accounted for its recently defined output, and the work defining output continued to develop during 2010. Thus, the author followed the initial work of defining output for the 2009 annual report as well as the development of definitions for the 2010 and 2011 annual reports.

Background – recent development of performance management in Swedish central government

The Swedish central government is relatively unique by international standards because it has a history of devolved responsibility for operating matters handled by central agencies with a considerable degree of autonomy. Ministerial intervention is forbidden by law, which means that the direct political control of agencies is limited. Formal parliamentary and governmental control is mainly carried out through legislation, annual appropriation letters and appointment of central agency director-generals. Nevertheless, as in many countries, the last decades have been characterized by performance management reforms aimed at increased governance, with focus on ex-post control and the disclosure of results. At the end of the 1980's, "management-by-objectives" was introduced as the prevailing performance management philosophy. Management-by-objectives is basically "a way of governing through self-government" (Asdal, 2011, p. 4). Government is exercised indirectly by requiring that certain ends are achieved. The central agencies are in principle set free to choose their own procedures to achieve the given ends. Despite the relative autonomy of Swedish central agencies, the main argument for reform was the need to reduce detailed political control to remove constraints on managerial freedom in the central agencies (Modell, et al., 2007).

During the 1990's, the management-by-objectives ethos evolved gradually. In particular, two official documents became important: the central agencies' annual appropriation letters from the government and the central agencies' annual reports. The annual appropriation letters became the main steering document in central government and consisted of two parts: one part concerned the budget, while in the other, the government stated the agencies' objectives and the agencies' requirements for their annual reports.

At the end of the 1990's, there was an increased interest in central government for information concerning "outcome", i.e., the impact on society from central agencies' activities (Modell et al., 2007). This increased interest in outcome was reflected in the annual appropriation letters in which outcome-related objectives and report requirements began to increase considerably. However, as in many other countries (see, e.g., Smith, 1993), the compilation of outcome indicators proved to be challenging for the central agencies, and several agencies chose to replace quantifiable indicators of outcome achievement with broad, verbal descriptions of how operations affected various stakeholders and society in general (Modell, 2006; Sundström, 2003).

More recently, the management-by-objectives philosophy and the annual appropriation letters have been the subject of debate within the central government because the introduction of management-by-objectives did not reduce the reporting requirements of the central agencies. Rather, the amount of report requirements in the annual appropriation letters – both regarding operational matters as well as results in terms of outcome – has tended to increase and concerns have been raised that management-by-objectives merely implied a new means of detail-steering (Sundström, 2003). The debate has also concerned the difficulties of connecting financial management and performance management in central government, i.e., difficulties of connecting costs to goal achievement.

In 2006, the Swedish government appointed an investigation, "Styrtredningen" (The performance management investigation), with the task of assessing performance management in the Swedish central government and providing proposals for improvements. The investigation was completed in 2007, and its final report "Att styra staten – regeringens styrning av sin för-

valtning” (To govern the state – the governments’ management of its administration) was published (Statens offentliga utredningar, 2007:75).

The performance management investigation – management-by-objectives in a revised version

The previous structure for the agencies’ performance reporting

At the time, performance reporting for the agencies was structured according to a particular “activity structure”, with policy areas that were divided into activity areas and then into activity branches (table 1 below shows this structure in the SEA’s appropriation directive of 2008). This structure was across all central agencies. The activity structure was designed to provide the clearest possible picture of the activities in the central government and to make it possible to connect the consumption of resources with the achievement of goals.

One of the purposes of the structure was to facilitate comparisons between different areas of operations, which in turn would facilitate prioritization. Each level (i.e., policy area, activity area, activity branch) had its own goal statements and report requirements. The idea was that activities formulated in the policy area were divided into part-activities that each contribute to the achievement of the stated goals at the higher level. It was expected that this structure would permit the calculation of the costs of each part-activity and to aggregate these costs into the costs of the achievement of the main goals at the policy-area level (the appendix gives examples from the SEA’s annual appropriation letter of 2008).

However, the performance management investigation found that this structure was dysfunctional. The investigation stated that the activity structure was built on an assumption that there is an “unbroken chain of ends- and means relationships” (p. 255), where the general goals of the policy area are

broken down step-by-step and transferred to steering signals for the agencies, and that it was possible to do this in all central agencies. The investigation stated that the belief that long-term political goals can be transferred into steering signals in an administrative system is inaccurate, and the investigation argued that these goals usually lacked relevance to the day-to-day management of the agencies. Furthermore, connecting costs to goal achievement at the policy level on an annual basis was considered to be difficult because in most cases, the realization of these goals takes over one year.

Another problem in assessing these goals and relating them to costs was the difficulty of isolating the particular impact of each agency, because many actors in society can be expected to influence a particular outcome. The investigation stressed that connecting financial resources to goal achievement was difficult because of the challenges connected with outcome assessments. Instead, it was argued that it is reasonable to expect the agencies to be able to connect costs to *output*, because outputs were regarded as easier to delimit and thereby easier to account for. The investigation stated that “management based on outputs creates much better conditions for the creation of ‘price tags’” (p. 239).

Conclusions and suggestions from the performance management investigation

The investigation established that the annual appropriation letters and the central agencies’ performance reporting in the annual reports had to change and that the outcome-based report requirements in the annual appropriation letters were often difficult or impossible for the agencies to fulfill. Furthermore, the investigation stated that the government needs “information with a reasonably firm character” (p. 230) to be able to govern and that statements about outcome achievement do not fall within that category of information.

According to the investigation, the report requirements should be designed in such a way that it is possible for the agencies to fulfill them on an annual basis. Consequently, the investigation stated that in their annual reports, the agencies should provide an account of how they have conducted their assignments, rather than what they have led to. The investigation explained that it is easier to *describe activities* in central government than to explain what caused a certain course of events in society. The investigation also stressed that when the government receives the annual reports, it should be able to “compile and analyze the information and establish if agency X works or not” (p. 230).

The investigation came to several conclusions regarding the agencies’ performance reporting. Rather than accounting for outcome in society and the achievement of long-term political goals, the agencies should account for what they do, i.e., how they have conducted their assignments. The portion of the annual appropriation letters addressing the agencies’ performance should be removed, and instead the main steering document should be the agencies’ instructions. The instructions can be regarded as the agencies’ *Raison d’être* and are long-term documents with general statements of the agencies’ missions. The instructions communicate the agencies’ main objectives and functions in society and were now to gain in importance. The investigation stated that the long-term management made possible by legislation and the instructions should be enough for proper management, and that “more management on top of that” (p. 246) was not necessary. The report argued that the huge amount of steering signals that the agencies’ were exposed to could be confusing and counterproductive.

The investigation underscored that they did not wish to see a uniform management model for all central agencies and that they wanted the activity structure to be removed. The investigation emphasized the importance of

adjusting the performance management to each agency's specific activities, because the activities within central government are very diverse. The investigation established that the agencies themselves are best suited to decide what information provides a "correct picture of their activity" (p. 249). The only common denominator in the agencies' performance reporting should be the accounts of output and their relationship to costs. The report emphasized that the ambition was not to compare different agencies with each other; rather, the ambition was that the government should be able to see the development of a certain agency's output over a period of years. It should be up to each agency to decide how to define its output, how to connect its output to costs and how to present this information in the annual report. The investigation recommended that the outputs should reflect "activities of great significance in the agencies' activity" (p. 251).

In 2009, new regulations based on the investigation were introduced for the central agencies' annual reports. To a great extent, the new regulations reflect the proposals made by the management investigation. According to the regulations the performance portion of the annual appropriation letters shall be removed and the agencies' instruction is the main steering document. The agencies are now given the authority and responsibility to decide how to account for their performance. The only restriction is that the agencies are required to account for their output in terms of volume and cost. It is up to the agencies to decide what their output is.

Previous performance reporting in the SEA – a framing without ambition of calculability or comparability

The SEA's appropriation letter of 2008 (Regleringsbrev, 2008) followed the structure presented below in table 1, which is an extract from the letter:

Table 1. The structure of the performance reporting of SEA prior to 2009.

Policy area	Activity area	Activity branch
Energy policy	Policy for a sustainable energy system	Long-term development of the energy system Increased energy efficiency Program for energy efficiency in energy-intensive companies Program for electricity certificate Facilitating activities for wind power Facilitating activities for biofuel International cooperation
Environmental policy	Instigative and preventive environmental work	Efforts for international climate investments
Crisis management in society	Crisis management capacity Operative capacity The capacity of activity of crucial importance for society to resist serious damages	Crisis management capacity Operative capacity The capacity of activity of crucial importance for society to resist serious damages

Each policy area, activity area and activity branch had its own goal statements and report requirements. In the appendix, some of the goal statements and report requirements from the 2008 annual appropriation letter are quoted. The appropriation letter is 41 pages long; the few examples in the appendix have been chosen to provide a picture of the different types of report requirements the agency had.

The annual appropriation letter and the activity structure meant that the SEA had detailed instructions about how to report their performance. As can be seen in the appendix, the report requirements called for quantitative information such as the number of applications for research funding that had been approved and the number of participants in a certain program, and they called for narrative statements, e.g., of the agency's activity in relation to

certain goals or estimations of “outcomes”, i.e., effects in society of a certain activity.

Even though the original purpose of the uniform activity structure for the central agencies’ performance reporting was to make it possible to compare their activities, the information provided in the 2008 annual report of SEA was not produced with the ambition of making the agency comparable and calculable. Rather, in line with the report requirements, the information provided was diverse, with quantitative information about funding decisions for example, together with several extensive narrative statements about operational matters and estimation of possible societal impacts.

The work of representing the SEA’s activity with numbers of output

The initial work of framing the generic concept to which numbers can be attached

The SEA started to define its output in 2009. A working group responsible for the annual report, with civil servants from the different departments of the agency, were also given the responsibility of defining the agency’s performance in terms of output. The civil servants regarded the new regulations for their performance reporting as positive because they had more freedom to represent their work in a way that was desirable to them. Their previous appropriation letter was regarded as comprehensive, with a substantial amount of report requirements that were both difficult and time consuming to fulfill. Defining output was also regarded as a healthy learning process because it would clarify the achievements of the agency. Defining output was considered a good opportunity for the agency to shape and organize its activity with respect to its goals and objectives, and the definitions of output were also considered to form the basis for the agency’s internal performance reporting.

The concept of output was new at the SEA, and an initial meeting was held in late spring 2009 to establish what the agency's output was. Defining output turned out to be more challenging than the civil servants had first expected it to be. Because the activity of the SEA is multifaceted and concerns several areas of Swedish society, the character of its activity varies widely. Thus, it was difficult for the agency to find a general definition of output.

A first proposed definition was that "output is everything to which the agency devotes time and resources". However, the civil servants soon realized that this definition was far too broad, because it would include everything the agency does. The civil servants established that the definition had to be much more concrete. Output had to be delimited somehow, from "everything" to "something".

The questions that arose about the definition of output led to heavy discussions at the SEA, and the agency held several meetings discussing the issue of defining output in early autumn 2009, but it could not agree on a definition. The discussion circulated around the meaning of the concept, what the "right" interpretation of the concept was, what the meaning of "volume" of outputs was and what could be regarded as output in regard to the agency's own activities. When output occurred was the most difficult decision to agree upon, i.e., to find the "cues" (Goffman, 1974, p.45) that informed the civil servants regarding when their "performance" started and when it ended. To be able to "key" (p. 43-44) the agency's activity from the frame in which it was currently understood, to the frame of output, the cues had to be found. One area of confusion that illustrates this dilemma is the agency's funding of research. A significant part of the agency's activity is to promote the development of the Swedish energy system by financing research. On this matter, one of the civil servants in the group that was also responsible for the annual report said:

We had heavy discussions about this. When does the output occur? Consider the example of the funding of a PhD student. Some of us think that the funding of a PhD student should be regarded as output, whereas others disagree and argue that it is the PhD student that conducts the output. What is our output then? Our output must be to provide the funding, and then the PhD student conducts an output, but that is not our output. But we had heavy discussions about this, what is output? And above all, what is *our* output?

The first keying of the SEA's activity – transformation into physical and electronic objects

The civil servants reached a point where they realized that they could not agree upon a definition of output. To understand the concept of output and to elucidate how to define their own outputs, the civil servants invited the Swedish National Financial Management Authority (SNFMA) to help the agency define its output. The SNFMA is a central government agency and the government's expert in performance management, responsible for "good accounting practices" in the central government. The SNFMA came to the SEA in autumn 2009 and held a workshop on output. Against the background of the new regulations for the central agencies' annual reports, the SNFMA had developed guidelines for agency performance reporting. In these guidelines, the SNFMA conceptualizes the central agencies' value-adding process using the following linear input-outcome model which they call "The Activity and Results Chain" (figure 1) and which is commonly used in performance measurement and management (see, e.g., Johnsen, 2005).

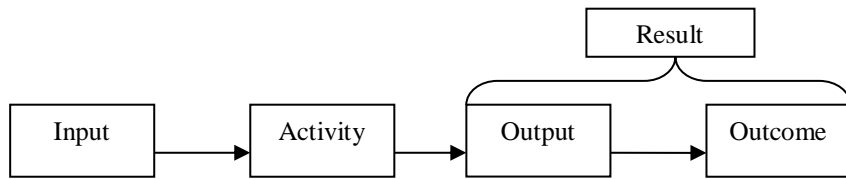


Figure 1. The Activity and Results Chain.

In this model, the agencies' results are defined as output and outcome, which the SNFMA defines in the following way:

Output refers to products or services generated by the agency's activity. Output refers to an activity that is settled and not a work in progress. The products or services have to have left the agency (e.g., reports and decisions) or be open and available to the general public (e.g., exhibitions and web pages).

Outcome refers to the effect of the agency's output.

During the workshop, this model was introduced to the SEA and the SNFMA also provided examples of output. The SNFMA explained that output could be "services or products the agency provides to achieve its goals, that 'leaves the agency,' such as a report, a prescription or a paid grant". After the workshop, the civil servants at the SEA thought the concept of output was clear, and they continued their work to define output. However, when they tried to apply what they had learned about output to their own activity, this still turned out to be difficult, and the same questions arose as before. Consequently, the SEA asked the SNFMA to return to conduct a second workshop. During this workshop the same definition of output was applied, but this time this notion of output became clearer, and the civil servants understood how to delimit their definition of output. For something to be defined as output, something needed to be produced that could "leave the

building” (i.e., the agency) and be open to the general public, such as an official report or a calculation model for energy-savings on the homepage. At this point, it was possible for the SEA to know when the output had occurred. It was determined that an output occurs once the agency produces something that can be regarded as “leaving the building”. This, in turn, led to the notion that for something to be called output, it must result in a physical or electronic object, i.e., a visible object of some kind. However, this prerequisite had not been outlined at this stage of the process. After the workshops it was also established that “volume” of outputs referred to number of outputs.

The definition of output was a breakthrough for the civil servants at the SEA. The physical or electronic objects constituted the “cues” (Goffman, 1974, p. 45), or brackets in time, that informed the civil servants what an output was, when it occurred and when it ended. As in the research funding example above, it was determined that the actual funding decision (which resulted in an official document) was the output. This also meant that the first categories of similarities, or quanta (physical or electronic objects, i.e., visible objects) that were possible to count had been established (Power, 2004). Now it was possible to take the first step in the up-keying process (Goffman, p. 366, see also Vollmer, 2007, p. 586) to volume and cost of output. Consequently, the first keying of the activity of the SEA consisted of the classification and division of the SEA’s activities into those that result in visible objects and those that do not. The division based on the production of physical or electronic objects implied that the primary framework and the innermost, first level of the frame consisting of the SEA’s literal activity, was keyed into a second layer, consisting of activities that produced some sort of physical or electronic object.

Once the agency knew what they were looking for and could consequently start to delimit their activity, each department was given the task of providing a list of output-generating activities to the working group responsible for defining outputs. This process resulted in a list with over 300 different kinds of activities and one of the respondents in the group explained:

The list was huge, it was an enormous amount of outputs, and our general director said: ‘we can’t have this; we can’t present all of this in the annual report’.

The second keying of SEA’s activity – transformation of physical and electronic objects into output categories

The group decided that the list needed to be aggregated. One reason for this was that the substantial amount of activities did not provide a holistic picture of the SEA’s activity. Another reason was that the management group wanted the outputs to reflect substantial parts of SEA’s activity in terms of volume and cost. With so many different, highly specific outputs, each output has an insignificant value and the list would “not make any sense”. It would also make it difficult comparing outputs and costs from different years. Furthermore, to calibrate the agency’s time-recording system in accordance with this amount of outputs was regarded as impossible; the codes for the civil servants’ time recording could not be that specific. Thus, even though quanta had been established that were, in principle, possible to count, these quanta were insufficient to provide as a representation of the agency’s activity.

The group tried to aggregate the list but could not agree upon how to do so. Eventually, the agency’s general director became involved and decided that he and the chief accountant, who was also a member of the working group, should aggregate the list. The list needed to be keyed (or the agency’s literal activity needed to be re-keyed) into something that was possible for the

agency to administer, was holistic and “made sense” to provide in the annual report. However, before this keying was possible, the cues needed to be found.

The general director and the chief accountant determined that the agency’s instruction, i.e., the agency’s main steering document that communicates ideal programmatic ambitions (Miller & Rose, 1990; Rose & Miller, 1992), should form the basis for a set of output categories, under which the activities on the list could be sorted. Thus, based on the agency’s instruction, and the list of suggested outputs, the general director and the chief accountant developed eight output categories. As Goffman (1974) explains, even though re-keying has its origin in the innermost layer of frame, in this case the literal activity of the SEA, re-keying is still a keying of a keying, which means that it is affected and determined by the previous keying. In this case, the first keying of daily activities implied their classification into activities that result in visible objects and those that do not.

In line with Goffman (1974), Gröjer (2001) argues that classification brings things together based on certain attributes and that only the attributes that form the basis for the classification counts. Consequently, when the SEA developed output categories, this keying was determined by the first keying, which meant that only activities resulting in visible objects were keyed into output categories. Although the output categories were supposed to mirror the SEA’s main activity, the physical and electronic objects in the first layer of the frame needed to be incorporated. Thus, the cues that made possible the keying into the third level of the frame were the statements in the agency’s instruction together with the objects in the second layer of the frame. The result was that all output categories represented activity that would lead to some sort of physical or electronic object. In table 2 below, the list of output categories is presented in the same way as it was presented in the 2009 an-

nual report (with the exception of the figures in the “volume” and “cost” columns) (Statens energimyndighet, 2009).

Table 2. The list of output categories .

	<i>Output categories</i>	<i>Volume</i>	<i>Cost</i>
1	Funding decision; concerns all administration of grants and loans through the point at which a decision is made.		
2	Presentations, external teaching and external conferences; concerns meetings, conferences, seminars, etc., that have been organized by the SEA. The prerequisite is that the SEA has organized the presentations, hosted the external lectures or arranged the external conferences, etc. If the agency just participates in a meeting or conference, that does not count as output.		
3	Supervision; concerns the supervision of a certain energy efficiency program for industries administered by the SEA, the emergency storage of oil and carbon, municipal energy planning, energy-marking and eco-design.		
4	Tests; concerns tests of electronic equipment for households and industry.		
5	Decisions regarding electricity certificates; concerns formal decisions regarding electricity certificates as well as examinations of electric declarations.		
6	Completed Clean Development Mechanism (CDM) - agreements; concerns agreements regarding climate projects in developing countries.		
7	Publications; concerns published publications from the SEA.		
8	Material provided to other central agencies and international organizations; concerns registered documents sent to the government, government offices, other central agencies or international organizations.		
	<i>Sum</i>		

The keying of the agency's activity into output categories organized the quanta and made them administrable for the agency. The categories also made it possible to view the SEA's activity in terms of frequency and year-to-year changes. Fixed visibilities (Cooper, 1997) were established that made it possible for the agency to represent its activity with calculable numbers, i.e., numbers open for second order calculation (Power, 2004) by others within the frame of arithmetic (Vollmer, 2007). However, because the general director and the chief accountant realized that not all of SEA's activity would fit into the established categories they developed a ninth category called "no output" in which all activity not considered to be output could be placed.

The purpose of the output categories was to account for the volume and cost of the agency's outputs and to provide a holistic picture of SEA's main activity. Beyond the annual report, it was decided that the list of output categories should form the basis for internal four-month reports.

Out-of-frame-activity created by the accounting numbers, and breaking of the frame

The vast amount of outputs the agency had identified and the establishment of output categories had temporarily solved the problem of defining output. However, as Goffman (1974) suggests, even though applied frames are expected to enable participants to come to terms with events, unimaginable events can still occur, i.e., events "which cannot be effectively ignored and to which the frame cannot be applied" (p. 347). Although the output categories temporarily solved the problem of defining output, the categories would soon cause new discussions in the agency. At this point, the accounting department had not calibrated the accounting system with the output types; therefore, the department needed to calculate the volume and costs of output manually. Eventually, when the list started to form, this caused frustration at

the agency because much of the agency's activities were "out-of-frame", i.e., excluded from the eight categories and thus ended up in the last category, called "no output" (the formulation in Swedish was "ingen prestation" which can be translated as "making no effort"). One of the respondents in the working group explained:

It was a big mistake calling the last category 'no output'; it created a lot of frustration. People were asking 'do you not think I am doing anything', so now we call that category 'other activity' instead.

However, the new label of the last category was not very helpful; there was still severe frustration among the civil servants at the SEA working with activities that fell into the last category because their activities were made invisible. One of the respondents in the working group said:

The whole agency has been discussing this, 'how the hell shall we do this' [...] the personnel feel like this is a burden laid on them from the accounting department, but we did not make this up. It is the SNFMA, not us; it is a requirement. I say that 'this has to be included, it is a regulation, and it is not a free choice'.

The civil servants in the different departments of the SEA insisted on providing information about their work beyond output categories. The group responsible for the outputs and the annual report decided to break the frame they had established by allowing the different departments to account for "particular outputs". The particular outputs did not fulfill the requirements of the production of physical or electronic objects and was not included in the list of output categories. Rather they were accounted for through narrations. One of the respondents in the working group that was responsible for the annual report said:

Many are very skeptical, they are afraid that wrong conclusions will be drawn [...] many do not think that the output categories provide a true and fair view at all. Rather, they want to account for particular outputs. But, the auditors I have been talking to so far thinks this [the output categories list] is good, since it gives a quick overview.

The permission to account for particular outputs was a compromise that was made so that the different departments could provide the information they regarded to be important. The agency also made written statements about what they had done during the year without any connection to outputs or “particular outputs” at all, and they also provided reasoning regarding their outcome achievements. One of the respondents responsible for the annual report said:

[...] the list of output categories does not provide a holistic picture of our activity [...] In addition to the output categories, they [the different departments at the agency] have accounted for particular outputs. [The respondent shows a chapter in the annual report] Here, it says what we do, in all sorts of ways; here, we write about outcome as well [...] we include everything we think is important. We include everything to get a holistic, fair view of our activity because the output categories list does not provide that. Therefore we have to supplement the output categories; we include some assignment from the regulation letter and outcome information, and we have mixed this into a great mixture of everything.

Thus, the frustrated situation caused by the out-of-frame activity was handled by breaking the frame of the agency’s activity established by the output categories. However, this was only a temporary solution. The civil servants

responsible for defining output were worried about this because they were afraid of receiving criticism from the financial auditors. One of them said:

Now [when the list of output categories is established], we have to see if this is what we wanted. Was this what we thought it would be? This is a little bit like trial and error, at the same time, the auditors have said to me that this is not a transfer rule, so we might get a remark for this.

When the list of output categories was published in the 2009 annual report approximately 40 percent of the civil servants' working hours were included in the list and the remainder was placed in the "other activity" category. Thus, according to the list, approximately 40 percent of the agency's working hours were devoted to completing outputs, whereas the remaining working hours were devoted to "other activity". This category was, however, not shown in the annual report. The working hours devoted to the output categories were multiplied by a standard rate. Included in the standard rate were overhead costs such as executive salaries, property rental expenses and costs for administration. Even other costs directly associated with the output categories, such as travel expenses and costs for consultants, were included in the costs for output in the output categories. The costs for the working hours devoted to "other activity" were also included in the standard rate for working hours, which means that they were treated as overhead when the overall costs were calculated.

The list was published in the beginning of the annual report with an explanatory text explaining that "the list does not comprise the whole of the agency's activity but is rather a sample" (Statens energimyndighet, 2009, p. 14). Instead of the previous activity structure presented in table 1, this annual report was divided into "activity areas" (e.g., "Energy market", "Energy

research”, “Increased energy efficiency”) that were mainly based on the structure in the government’s budget proposal for its energy policy. As stated above, each chapter contained written statements about “particular outputs” that sometimes corresponded to the definition of output and sometimes not. The SEA also provided written statements about outcomes. Although the agency’s annual appropriation letter was much shorter, it still contained some report requirements similar to those presented in the appendix. These were addressed in a particular passage in the relevant chapters in the annual report.

The role of visible objects as directional cues

Although the list was complemented with an explanatory text and the civil servants had been allowed to provide extensive narrative statements about their activity in each chapter of the annual report, the list caused open conflict at the agency when it was published, because so much of the civil servants’ activities were excluded from the list. The common denominator for the work placed in the “other activity” category was that it did not generate physical or electronic objects that were possible to count.

The two main areas excluded from the output categories were the agency’s “facilitating activities” and its support to the government. The facilitating activities are managed through networks together with representatives from industry or municipalities or in direct contact with private households. Although this kind of activity constitutes a significant part of the SEA’s activity, it was not possible to define the activity as output because it does not generate visible objects. One of the respondents in the working group responsible for the annual report said:

We have an enormous amount of contacts with municipalities and county councils in networks, but nothing of this is made

visible; it does not fit [...] Networking activities are now accounted for as 'other activity' and end up among the 60 percent that is not possible to define as output. Our contacts with municipalities require a lot of our resources. We network in all sorts of ways, but that is not output according to the output definition [...] when we act in a network, we might, in the long run together with the others in the network, produce output in some way. But that is hard to know.

[...] we have decided that if we only participate in a network activity, such as a meeting, this will not be regarded as output. But if we deliver a product, such as a lecture during meetings that results in a Power Point-presentation, e.g., or if we arrange the meeting ourselves, which results in documentation, then we produce output.

Thus, for the SEA's facilitating activities to be defined as output, they needed to result in physical or electronic objects, such as Power-Point presentations or other forms of documentation. Merely participating in activities was not considered concrete enough to fit the definition of output. However, the requirement for physical or electronic objects was not explicitly stated in the group, nor was it stated in the agency as a whole. When specifically asked if physical or electronic objects were a prerequisite for output, one of the respondents in the group answered:

No, it could be...I mean, it could be knowledge...how can I say...if we only participate in a conference...I mean somehow you have to...I think we feel that we have to have some sort of documentation...I think that's the way it is. That was an interesting question, I have not thought about that. But we have this demand for output, it is not outspoken, but I think all of us think that it has to be something that you can touch...I think

that's the way it is...it could also be information we put on the web, but that is also documentation in a way.

Consequently, when output was defined and the agency's activity was framed in the list of output categories, the physical and electronic objects acted as "directional cues" (Goffman, 1974, p. 210). The objects were not perceived as focal, but were still organizing what was attended. The physical and electronic objects served as an "evidential boundary" (p. 215) indicating that everything beyond this boundary would be excluded.

The other main area excluded by the evidential boundary established by the directional cues was the SEA's role as a supporting agency to the government and governmental offices. At this point, the SEA had devoted many resources to the international climate conference in Copenhagen in 2009, but none of this work was regarded as output. One of the respondents in the working group explained:

We have many of our people at the climate conference in Copenhagen [...] we spent a lot of time there [...] but we did not produce any output. Right now, we are discussing this with our civil servants who participated in the conference because they consider their work to be output [...] many [of them] think they spent a lot of time and did all sorts of things down there.

The civil servants at the SEA working within areas excluded from the output types were worried, because their work was not shown in the output categories. They were worried about how the list of output categories, i.e., the calculable numbers, would be interpreted at the MEEC but it gave the respondents some comfort that the ministry was so involved in the SEA's activity and was regarded to have sufficient knowledge about the agency's activity. However, they were more worried about actors who might read the annual

report without knowing about the SEA's activity. One of the respondents primarily working with facilitating and supporting activities said:

[...] my concern is that our annual report is read by other people than the government [...] for us, the annual report is an extremely important channel. Believe it or not, but we use it, we refer to the annual report very often. We work hard with its text.

If some of our activity is not included, there is a risk...the annual report shall also send a signal back to us, about activity, how efficient it has been for example [...]. And the greatest risk of all is that an activity that is not visible might over time cease to exist, and somewhere in the future, money comes into the picture. As an example, we worked very hard with the climate negotiations. We had seven to eight people working with this last year, and each of them had 200 hours overtime or more. And there is not a single trace of that here [in the list of output categories]. But we write about it [...] we present it in text.

I think it is stupid [that our work in the climate meeting] is not included in the output types. Nothing has been such a politically hot topic as the climate issue. If you ask the Ministry of the Environment, we get very much credit for this. They even wrote us a letter of appreciation for our work in Copenhagen.

That the SEA's facilitating and supporting activity was appreciated and regarded as important on the ministerial level also became apparent in the interviews with civil servants at the MEEC. During the interviews, these respondents highlighted the SEA's function as a facilitating agency for increased energy efficiency as well as the agency's support function for the

ministry with regard to energy issues. One respondent at the SEA working with supporting activities to the government said:

This has been a painful process [...] I would almost like to say that it has been fraught with conflict. There have been many upset feelings [...]. When we eventually understood what an output was, we realized that the majority of the activity in my department does not fit any output type. That is not good. Of course you want your activity to be accounted for in the annual report [...] now it becomes “other activity” [...]. I have to say that we have had a very frustrated atmosphere.

I think it is extremely sad that we do not account for this, especially our supporting activities to the government. It does not show [in the output categories] how much time we spend on this. [...] we are supposed to always be available when the government needs us, but we can't account for the time we spend on this. And then, when we shall ask for more resources [...] there is a risk that external actors get the wrong picture of our activity, they might ask “how do they spend the rest of their time?”

Another reason for dissatisfaction among the civil servants was that when they worked with something that could be defined as output, only the working hours before the accomplishment of the output were allocated to output. Many times much work remains even after an output has been produced. For research funding, in which the funding decision was accounted for as output and the output occurred once the funding decision had “left the building”, there was more work after the decision had been reached because the civil servants were required to follow the development of the funded research project. This work was accounted for as “other activity” and was excluded

from the output categories because of the evidential boundary of the funding decision.

Because of the amount of working hours excluded from the output categories and the frustration and conflicts caused by the output categories, the management group at the agency decided that the list needed to be modified to include more of the agency's activity. Consequently, in 2010, the working group responsible for defining outputs received the task of further developing the output categories.

The quest to internalize out-of-frame-activity into the output categories

The working group held four meetings in spring 2010. The main issue was that the excluded activities did not produce any physical or electronic objects, which made it difficult to define them as output. At this point, the civil servants were aware of the unspoken requirement for physical or electronic objects. Below is an extract from the discussions at one of the meetings. The respondents are numbered for the reader to distinguish between speakers in the conversations.

R1: We work a lot with the assignments that leads to a report. The report will be registered and journalized. But the support to the government that is not registered and journalized [is excluded], it could be that we negotiate on behalf of the government or write a PM to the government official who carries out the negotiations. In my department, we currently discuss starting to register and journalize this, to include it [in the output types] [...] but this is very much work.

R2: The reason why we demand registering and journalizing is because we have to know when an output occurs. We have to narrow it down as much as possible. If we widen the definition, we lose our sense of what an output is.

R3: If so much of what we do is not output, then why should we account for output if it does not say anything about what we do?

R2: It is decided that all of government shall be governed in this way, and we just have to accept it.

R3: We can't just accept it. We have to find a way that works for our activities, and we cannot just exclude a large part of our activities just because the SNFMA has decided that we shall provide our performance reporting in this way.

R2: No...

R3: I am only saying that we have to adjust this. We cannot get stuck in something that leads to 60 percent of our activity disappearing.

R4: We are supposed to provide a fair view of our activity.

R1: Exactly, we decide what a fair view is.

R3: We can't just register and journalize everything we do just to be able to account for output.

As seen in the discussion above, the civil servants began considering the possibility of creating the necessary documentation, or “cues”, to include more activities into the output categories, but this approach was dismissed. Still, as Goffman (1974) explains, a breaking of the applied frame might result in an uncontrolled and disorganized “flooding” (p. 351-359) of possible interpretations. For the civil servants responsible for the annual report, it was important to maintain the “evidential boundaries” of the frame to avoid the chaos they had experienced at the beginning of the process of defining output, when the agency completely lacked direction regarding how to define output. Another reason why the guidelines were regarded as important was the fear, among the civil servants responsible for the annual report, of receiving criticism from the auditors, since they conduct their audits on the basis of the SNFMA-guidelines.

In 2010, the output categories formed the basis for the internal four-month performance report. Each department was expected to report its performance based on the output categories. However, because the categories only included a part of the agency's activity, the different departments insisted on including information in the report that did not fit the output categories. Therefore, beyond information about the work included in the output categories, the departments were instructed to report on "activities" as well. However, in one of the meetings with the group responsible for developing the output categories, this turned out to be a source of confusion:

R5: I have a question. In the four-month-report we are supposed to account for both activities and outputs. All of a sudden activities showed up. Are we supposed to account both for activities and outputs? Maybe we could have a discussion about this? Maybe we should have a category [in the annual report] that we call 'activities' to provide a fair view of our activity?

R6: The SNFMA does not allow for the use of activities in the annual report.

R5: Then it is strange that we have activities in the four-month-report, it is not consistent.

R6: That is because the heads of the departments want to inform the general director about what they are doing, even though we are not allowed to account for activities in the annual report.

R1: The SNFMA is very clear about what an activity is. An activity is something that leads to output. Maybe we should use another word?

R6: We might be able to call it outcome, goal or quality.

R1: Is it possible to use 'task', or does 'task' also need to lead to output?

R2: We have 'tasks' in our instruction.

R1: I just wonder if ‘tasks’ are included in this chain [the value- and results chain], do ‘tasks’ have to lead to output?

R6: I think we can squeeze it in under ‘goal achievement’ and ‘quality’.

R1: I don’t understand how we can do so much that is not output.

R6: Consider the example of networking and facilitating activities that we spend so much time on. This does not lead to output.

R2: Supporting activities to government and networking. These are the big issues...

R6: ...that does not fit here.

R2: We have to think about this, how we shall deal with it and how we can make it visible.

During this meeting, the group struggled to internalize more of the agency’s activity into the output categories, but it did not succeed. The group had realized that it would be very difficult to internalize more of the agencies’ activities into the output categories. The solution was to keep the frame of the activity constituted by the output categories, and to break this frame by allowing civil servants to provide additional information. As seen in the discussion the group tried to develop other concepts or labels for the activity that was excluded from the output frame to make such activity visible in a structured way in order to satisfy the civil servants at the agency and to provide the ministry with the information it required.

The new guidelines for the agency’s performance reporting

To elucidate the concepts, the group developed internal guidelines for the annual report in autumn 2010. It was determined that beyond output, even “activities” could be accounted for and allocated to the costs of outputs. However, for activities to be accounted for, it needed to follow the SNF-

MA's definition of activities, which meant that it needed to lead to an output (see fig.1). Thus, activities that did not lead to output could not be accounted for in the annual report. The SEA defines activities in the following way in the guidelines for their annual report 2010:

Activities – Work aimed at completing a planned output.

Thus, activities refer to uncompleted work which will lead to an output.

However, because the annual appropriation letter still contains some report requirements, the SEA must report some activities that do not fit the SNF-MA-definition of activities or the definition of output. These additional activities were called efforts. Effort was defined in the following way in the SEA guidelines for the 2010 annual report:

Effort – That which is not activities or output, e.g., networking and support to the government and government organizations that is not documented, or the management of different systems. All work that can be regarded as overhead is also defined as efforts.

The efforts are not supposed to be accounted for in the annual reports unless they are requested in the appropriation letter and they are not tied to volume or costs.

Finally, outcome was defined in the following way in the SEA guidelines for the 2010 annual report:

Outcome – refers to something that happens as a consequence of the agency's output. Outcome can be accounted for in different ways. It can be the outcomes of previous work done by

the agency, or it can be the expected future outcomes of current work.

As seen above, the visible objects still functioned as “directional cues” for the agency’s reporting of “activities”. Activities referred to the work of completing these objects, “output” referred to the actual deliverance of the objects and “outcome” had to be generated by the activities that resulted in the objects. The agency’s facilitating and supporting activities were still excluded from these concepts, which meant that the effects in society that are generated by this excluded activity are not considered to be outcomes according to the guidelines.

For working hours spent after a funding decision for research funding is made, the group determined that all the time devoted to the decision, i.e., before and after the decision, should be allocated to this output. Apart from this, the different SEA departments did not focus much attention on the guidelines. The main difference in the annual reports of 2010 and 2011 (Statens energimyndighet, 2010; 2011) is that the output categories are not listed at the beginning of the reports. Instead, the categories are presented in the chapters where they are relevant, showing the volume and cost for a certain output category in relation to a certain activity area. Thus, the output categories are still present, but there are also extensive written statements about “particular outputs” that sometimes correspond to the definition of output and sometimes not. In addition, the report requirements which still exist in the annual appropriation letter are addressed in a particular passage in the relevant chapters.

In short, the SEA accounts for output categories in terms of volume and cost, but the agency complements the categories with extensive narrative statements to provide information about activities regarded to be important for

external actors – and especially the government – to know. In all three annual reports, the SEA explains at the beginning that the output categories do not reflect all of the agency’s activities. In the 2011 report, the agency also adds that the “efforts” the agency makes in accordance with the requirements in the annual appropriation letter, such as networking, lead to outputs from other actors. The SEA explains that many times, the agency serves as an information provider and catalyst, which “makes it possible for other actors, public as well as private, to reach results that are possible to define as outputs” (Statens energimyndighet, 2011, p. 8).

The main difference between the work of completing the annual reports of 2010 and 2011 compared to 2009 is that in the end of 2010 and especially in 2011 the situation had calmed down significantly. Because the list of output categories was not published at the beginning of the annual report and each category was presented in the applicable chapters, it was easier for the civil servants to “decorate” (Seabra-Lopes, 2011, p. 468) the numbers with narrative explanations. The civil servants who were excluded from the output categories were able to provide additional information through narrations and through the use of labels such as “particular outputs” alongside the presentations of output categories. The auditors accepted this solution due to the challenges presented by the quantification of the SEA’s activity.

Concluding discussion

This study follows the process of transforming organizational activity into numbers that are open for second-order calculations (Power, 2004) within the reproductive frame of arithmetic (Vollmer, 2007). In the beginning of the paper, it was argued that the main body of accounting literature on the use of accounting numbers for long-distance control is carried out at the discourse level, viewing accounting as a technology for the realization of political programs. The present study adheres to the notion of Miller that accounting and

accounting numbers have the ability to render organizational conduct visible, calculable and comparable and the ability to translate diverse and complex processes into a “*single financial figure*” (2001, p. 381) open for second-order calculations. However, the question posed in this study is how numbers that are open for second-order calculations – and thereby possible to act upon – are produced in an organization; this paper attempts to illustrate that process.

The production of calculable numbers

Samiolo (2012) draws on Rottenburg’s notion of “metacode” and suggests that numbers provide a kind of metacode, which is “a universal code that appears to be comprehensible in all frames of reference” (Rottenburg, 2009, p. xxix). Samiolo suggests that “numbers represent reality in a universal format which allows it to circulate and be further calculated and formatted” (p. 382); this, in turn, makes government at a distance possible. Using the terms of Vollmer (2007) and Power (2004), Samiolo refers to second-order measures, i.e., the reproductive use of numbers within the frame of arithmetic. Still, as emphasized by Frege (1950/1980), numbers are meaningless if they are not attached to a generic concept. When organizational activity is measured and represented with numbers, a mere number hardly makes sense and is difficult to use. The “metacode”, then, is the generic concept rather than the number. By studying how numbers become attached to the generic concept of “output”, this study addresses the process of representing organizational activity with numbers that are calculable, i.e., open for second-order calculations (Power, 2004) in the reproductive frame of arithmetic (Vollmer, 2007).

Vollmer explains that within this frame, the calculative quality of numbers is emphasized by relating numbers to other numbers. In the frame of arithmetic, all numbers are equal, which, according to Frege (1950/1980) and Hack-

ing (1982) would require that they are attached to a generic concept of some kind. Robson (1992) acknowledges that “the most obvious triumph of the numerical inscription” (p. 697) is its combinability and that combinability is achieved through the establishment of generic concepts. However, Robson does not elaborate on how this can be accomplished. In this regard, Goffman’s micro-sociology has been helpful in illustrating how this combinability is achieved, i.e., how numbers are made calculable.

The production of calculable numbers in the SEA started by delimiting the generic concept to which numbers could be attached. To “find” outputs in the agency’s activities proved difficult, and a main challenge was finding the cues that would inform the civil servants as to when the generic concept of output began and when it ended (Goffman, 1974). Once this was achieved through the SNFMA-workshops, it was possible to key the conduct of the SEA into a new frame for the agency’s activity, a frame that consisted of a substantial amount of activities that resulted in visible objects of some kind, such as a funding decision that could “leave” the agency building.

This way of framing the agency’s activity produced the necessary quanta that were countable but the frame did not “make sense” because of the small value every specific output would carry and the difficulties of comparing such specific outputs from year to year. To use Robson’s terms (1992), the numbers would not be combinable, because the concepts to which the numbers were attached were not generic; they were still too specific. Another reason why this frame did not make sense was that all the diverse outputs were not believed to provide a “holistic picture” of the agency’s activity. In addition, it was believed to be impossible to calibrate the agency’s time-recording system using the vast amount of specific outputs; thus, the categories for the time-recording needed to be broader. Because of the lack of generic concepts, it was not possible to provide calculable numbers open for

second-order calculations (Power, 2004) within the frame of arithmetic (Vollmer, 2007) at this stage.

To create visible spaces in the organization open for second-order calculations required that the all the activities resulting in visible objects were keyed into categories. The output categories would make it possible to compare SEA's activity between different years and make second-order calculations in the reproductive frame of arithmetic possible. In other words, the output categories made it possible for the agency to provide *numbers that were calculable*, i.e., open for further calculations by others. The categories also made it possible to provide a sum of output categories connected to costs, i.e., *a single financial figure* of outputs.

Even though there are several studies that problematize the ability of measurement to capture essential values in organizations, the actual measurement process is often not elaborated in great detail. For example, Smith states that there may be "measurement difficulties" (1990, p. 62) when measuring public sector performance but does not problematize these difficulties further. Carter states that "performance measurement raises profound conceptual problems" (1989, p. 132) but does not elaborate on this further. Kurunmäki & Miller present a case of "the issue of what to measure," and "to reflect the business activity as a whole was seen as deeply problematic" (2006, p. 95). However, Kurunmäki & Miller focus their analysis on the tension between policy makers and service providers when deciding what to measure, rather than the challenges of the actual measurement process.

This paper has shown that to be able to produce calculable numbers, the SEA needed to key and re-key its literal activities to determine the necessary output categories that would allow their numbers to be calculable. Goffman (1974) explains that such "upkeying" (p. 366) results in layers of frames, and

for the SEA, the process of keying and re-keying its literal activities resulted in a three-layered frame in which the SEA's literal activities constituted the innermost layer of the frame and the output categories constituted the outermost layer. Each layer of the frame was necessary because the layers were interdependent. It was not possible to go directly from the innermost layer (the SEA's literal activities) of the frame to the outermost layer (the output categories and the number of outputs) or vice versa.

Of course, the process of making numbers calculable may look different in another empirical setting. Intersubjective cognition, individual creation, human-machine interaction (Seabra-Lopes, 2011) and the nature of mobilized concepts are factors that might result in production of numbers in different ways. However, production of numerical representations of organizational activities requires the establishment of generic concepts and these concepts will always have to represent things that are possible to count.

On the limitation of accounting numbers for government at a distance

One of the ideas behind the use of accounting for government at a distance is that accounting is a technology that materializes programmatic ambitions by creating visible, calculable spaces open for further calculation as well as external intervention. For the SEA, the cues for the keying of the vast amount of outputs to the frame of output categories were found in the document (the instruction) communicating ideal programmatic ambitions (Miller & Rose, 1990; Rose & Miller, 1992) which means that what was made visible through the output categories was governed by the programmatic ambitions of the government. However, because the keying of activities into output categories depended on the frame consisting of activities that produce visible objects, the object requirement constituted a restriction for what could be made visible in the output categories. The ability of accounting to make things visible was dependent on visibility, which in turn, had conse-

quences on the ability of the accounting numbers to enable government at a distance. This resulted in a paradoxical situation: what was rendered invisible by the output categories, or rather by the evidential boundary of visible objects, was activity that was regarded as important by the SEA's governing ministry (the MEEC) and the Swedish Ministry of the Environment.

As stressed by Asdal (2011), the ability of accounting numbers to produce effects and enhance authority by enabling long-distance control often seems to be taken for granted in the "constitutive paradigm" (p. 2) of accounting research. Similarly, the statements in the performance management investigation indicating that the government needs "information with a reasonably firm character" (p. 230) and the call for "prize-tags" (p. 239) seems to indicate a trust in the ability of numbers to produce useful information for the government. In line with Asdal (2011), this paper reports on a case that illustrates the limitations of accounting numbers to enhance long-distance control and to enhance authority over organizations and individuals. The limitation in this case was the prerequisite of visible objects to constitute the necessary quanta. Although the agency tried to make more of its activity visible in terms of calculable numbers, it did not succeed because of the "directional cues" marked by visible objects.

However, whereas Asdal reports on a case in which accounting numbers actually disabled authority, this did not happen in the case presented in this paper. In line with previous studies (Seabra-Lopez, 2011; Mouitsen, 2001; Quattrone, 2009) that have found that numbers are often "decorated" (Seabra-Lopez, 2011, p. 468) when presented in reports, the civil servants at the SEA not only "decorated" the numbers with narrations, but also provided narrations about the out-of-frame activity that was rendered invisible by the calculable numbers. Although those narrations were not calculable and com-

parable, they still made the SEA's activity visible to (and possible to act upon by) the MEEC.

Samiolo argues that “the extent to which numbers can objectify and standardize the world, the degree to which calculative tools can achieve authority [...] are things that shift over time and across institutional domains” (2012, p. 382). Thus, Samiolo suggests that the ability of accounting and accounting numbers to enable government at a distance and to enhance authority over organizations and individuals depends on the context. This suggests that even though numbers are made calculable and applicable within the frame of arithmetic, their impact depends on how the numbers are understood in local frames of consumption (Vollmer, 2007). Once the list of output categories was established in the SEA, it was down-keyed to the local frames of consumption in the SEA, which resulted in the categories being highly contested because the frame they provided of the activities of the SEA did not correspond with the civil servants' understanding of its activities.

However, the numbers were regarded as powerful by the civil servants, and they were afraid of the consequences of those numbers. The civil servants' fear of incorrect interpretations of the numbers and their fear of being made invisible made them “decorate” (Seabra-Lopes, 2011, p. 468) the numbers. Decorating numbers can be perceived as a way of down-keying numbers for their consumers, i.e., a way of managing how the consumer understands the numbers. In the 2009 annual report, the list of output categories was published, and extensive narrations were provided in the different chapters. In the annual reports of 2010 and 2011, the list was divided and each category was presented in the chapters where it was relevant, bringing them closer to the narratives.

Thus, even though the numbers were regarded as flawed and irrelevant inside the agency, they were still regarded as powerful outside the agency, and they needed to be explained and managed by the civil servants using narrations. Although there was fear among the civil servants that the calculable numbers could be misinterpreted by the MEEC, they were comforted by the fact that the ministry was close enough to the activities of the SEA to understand that the numbers did not represent the SEA's activities overall. A greater fear was that actors at a greater distance from the agency would misinterpret the SEA's activities. Thus, the importance of "decorating" the numbers, as perceived by the civil servants, appeared to increase with increasing distance of the consumer of the numbers from the SEA's activities.

In conclusion, what has this paper taught us? The micro-sociology of Goffman's frame analysis has helped us distinguish the necessary steps for producing calculable numbers in an organization. This process includes the challenge not only of establishing generic concepts but also of establishing countable quanta. The process was a painful endeavor fraught with conflict for the SEA. The paper has also shown that the ability of accounting numbers to enable government at a distance cannot be taken for granted. In this case, the prerequisite for visibility in the SEA was a significant delimiting factor that detracted from the applicability of the numbers to government at a distance. This paper shows that the process of making numbers calculable should be considered in studies of the ability of accounting numbers to enable government at a distance, in studies of performance measurement and in the practice of performance measurement.

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APPENDIX

Extracts from the SEA's annual appropriation letter 2008.

Policy area Energy policy

The goal is to facilitate the transition to the Swedish Energy Policy to secure short-term and long-term provision of electricity and other forms of energy under internationally competitive terms. The energy policy shall create the conditions for efficient and sustainable use of energy and the cost-efficient provision of energy in Sweden with a low negative impact to health, the

environment and climate. Another goal is to facilitate the transition to an ecologically sustainable society, thereby fostering sound economic and social development in Sweden.

The energy policy shall contribute to broadened energy, environmental, and climate cooperation in the Baltic Sea Area.

Further relevant goals for the energy policy are written in the parliament act of June 2002 [...]

Report requirement

The agency shall provide an overall assessment of the development within the energy area against the background of the energy policy goals.

Activity area Policy for a sustainable energy system

The goal is to optimize the use of energy with consideration of natural resources. Strict standards shall be applied for safety and consideration of health and the environment during the transition and development of all energy technologies.

Report requirement

The agency shall provide an overall assessment of development within the areas of efficient energy use and renewable energy resources regarding costs, efficiency and impact on the environment and climate as well as the rate of development.

Activity branch Long-term development of the energy system

Research, development and demonstration within the energy area

The goals are:

- To build necessary scientific and technical knowledge and competence within the universities, institutes, agencies and the industry to make a transition to a sustainable energy system possible.
- To develop technology and services that can be commercialized by the industry and thereby contribute to the transition to a sustainable energy system in Sweden, as well as in other markets.

Report requirements

The agency shall account for prioritized areas and how its activity has been designed according to the methodology confirmed by the parliament.

The agency shall, for each area of development, account for the following:

- The number of funding decisions and the share of the total amount of decisions.
- Approved funds for programs and projects and the share of the total amount of approved funds.
- Allocation of project funding to universities, institutes, industrial bodies and public bodies.

For each area, the agency shall account for essential results. [...]

Activity branch Increased energy efficiency

Goals for local and regional cooperation

The goals are the following:

- To facilitate local and regional cooperation regarding energy efficiency.
- To strengthen and develop municipal energy- and climate guidance and the regional offices' activity.
- To adjust the program "sustainable municipality" to make it possible for more municipalities to participate and to adjust the program to make it possible to administer the program on a regional level in one or more pilot counties during 2008.

Technology procurement, market introduction, energy-efficient products

The goals are the following:

- To accelerate the market introduction of new and existing energy-efficient technologies.
- To stimulate the development and increased market introduction of energy efficient technologies through technology procurement, as well as to increase the marketing of their results.
- To develop tools for energy efficiency and decreased pollution.
- To develop pilot programs for increased energy efficiency for small and medium enterprises.
- To strengthen and develop the efforts within the frame of the eco-design directive.

The Swedish Energy Agency's Test lab

The goals are the following:

- To increase awareness about energy-efficient products among companies and the general public and to facilitate the development of new product by means of testing energy intensive products.
- To stimulate the development of energy-efficient systems and products by marking and standardizing.
- To control the achievement of standards [by testing products].

Information, education, spreading of knowledge

The goals are the following:

- To increase the awareness in small and medium enterprises about climate issues and increased energy efficiency.
- To increase the awareness among children and teenagers, both boys and girls, of energy and climate issues.
- To develop new methods to have a greater impact among the recipients of information campaigns and methods to influence behavior among the general public and companies, etc., to facilitate increased energy efficiency.

- To increase awareness among consumers and other stakeholders of increased energy efficiency and decreased pollution.

Sector-oriented cooperation

Through cooperation with concerned agencies, companies and organizations the agency shall develop arrangements that contribute to decreased pollution and increased energy efficiency in the transport sector.

Report requirements

The agency shall account for the activities it has performed to realize these goals. The agency shall, in particular, account for the results in increased energy efficiency or other effects among stakeholders or recipients of the agency's efforts. Gender-specific statistics shall be provided when relevant.

Activity branch Program for energy efficiency in energy-intensive companies

Goal

The goal is for the program to facilitate an efficient use of energy, in particular electricity, among the participating companies.

Report requirements

During the programming period, the agency shall provide annual accounts of the number of companies that participate in the program, as well as the number of approved applications. The agency shall also account for the total use of electricity and electricity production in the participating companies, as well as calculated tax reduction during the year.

For companies that have participated in the program for two years, the agency shall account for the number of companies that have implemented a certified energy management system. The agency shall also, on an aggregated level, account for the effects that these companies estimate to achieve with the measures taken for more efficient energy use. The account shall also contain information about the companies' total energy consumption and production, as well as calculated tax reduction during the first and second years.

The agency shall continuously account for the realization of the program in the companies.

After the fifth year of the program (2009), the agency shall account for total goal achievement in the following terms:

- The number of companies that have met their commitments and the number of companies that have not.
- Increased energy efficiency in relation to the estimated level in year two.

- Increased energy efficiency in relation to the increased energy efficiency one could have expected with an alternative use of the electricity tax.

Activity branch Facilitating activities for wind power

The planned goal for wind power is an annual capacity of 10 TWh until 2015. The agency shall support and facilitate this large extension of wind power. As part of this work, the agency shall increase the level of knowledge regarding the qualities and potential of wind power. As a national expert organization, the agency shall be the driving force in national efforts to facilitate the development of wind power.

During 2008, the government desires to create a national network for wind power in which the Energy Agency is the center. This network shall include economic support for certain investments in wind power with the purpose of strengthening the creation of knowledge of wind power, as well as collective efforts concerning information and knowledge sharing regarding wind power. One central task is to make use of local ongoing and new regional initiatives of national concern.

Report requirements

The agency [SEA] shall account for its most essential activities that have been conducted during the year in relation to the agency's goals. The agency shall, in particular, account for its work to accomplish the following: create conditions for achieving the goal of the annual capacity of 10 TWh until 2015 through continuous updating of national interests for wind power and by updating regional goals; facilitate efforts for the market introduction of wind power in order to contribute to a significant increased production of electricity from wind power, with the purpose of decreasing the cost to establish wind power; create favorable conditions for an extension of wind power through effort research, development and demonstration efforts; increase the understanding of the qualities and potential of wind power through information campaigns; develop a national network for wind power; be an active participant in meetings; and educate civil servants in other agencies, especially in the municipalities and the county administrative boards.

Activity branch International cooperation

Goal for the international cooperation

The goal is to facilitate the long-term development of the energy system by international cooperation. This includes communicating international experiences of technical development in the energy area to Swedish stakeholders and also communicating Swedish experiences to the international arena.

Report requirements

The agency shall report its most essential activities and estimate the outcome and costs of international cooperation.

Goals for the EU cooperation

The goal is that the agency shall be able to quickly provide grounds for decisions regarding Swedish participation in EU cooperation and to support the government in EU negotiations.

During 2008, the agency is primarily supposed to do the following:

Support the government (Ministry of Industry, Employment and Communications) with analysis and grounds for decisions regarding the processing of forthcoming proposals for directives regarding renewable energy.

Together with the Swedish Environmental Protection Agency, provide an analysis and grounds for decisions for the processing of forthcoming proposals concerning the workload distribution within the frames of the common climate agreement to the government (the Ministry of the Environment).

Support the government (the Ministry of the Environment) with analysis and grounds for decisions in the international climate negotiations, especially regarding flexible mechanisms.

The goal is increased and focused Swedish participation in the EU programs. Areas of particular importance for the transition and long-term development of the Swedish energy system shall be prioritized. The agency shall, in cooperation with other stakeholders, fulfill assignments to facilitate Swedish actors' participation in the EU's framework program for competitiveness and innovation (CIP) and the sub-program Intelligent energy – Europe, for which the agency holds the main responsibility (with the areas of increased energy efficiency in SAVE, renewable energy sources in ALTENER, energy use in the transport sector in STEER), the Energy Star Program and EU's seventh framework program for research and development. Because the agency acts in international contexts, in particular in the EU, the focus and strategy for important matters shall be designed in cooperation with the Government Offices and, where suitable, instruction shall be developed.

Report requirements

The agency shall account for essential efforts and the categories of actors that have participated in the efforts. The agency shall also account for the connection between efforts and areas of development. For the current projects costs, for administration and activities connected to the programs, such as planning, follow-ups and assessment shall be accounted for.