

# Summary

## Public preferences

A methodological and substantive exploration of preferences for public services

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# Summary

## S.1 Introduction

Large differences in public service preferences between groups of citizens can lead to democratic tensions. For example, users and non-users of public services may take different standpoints in the democratic arena, and declining support for spending on public services may impact on the constitutional duty of the government to provide certain services. However, measuring preferences regarding public services is not easy. It requires asking people to make an integrated assessment of all public services, based on financial criteria. Only then is it possible to prevent respondents simply assessing all services as equally important and varying interpretations of the possible answers are much smaller than when people are asked whether they find something ‘very important, important, unimportant or not important’. However, this approach is methodologically challenging, because we do not know to what extent people are able to make such an integrated assessment and which methods yield the optimum results.

Research into sound methods for assessing general preferences in public services is scarce, and the pitfalls are consequently relatively unknown. This study is therefore of an exploratory nature. This manifests itself in two ways. Firstly, we propose an innovative method for this field of research and we explore in detail the methodological approach and the challenges that we encountered during data collection. Secondly, we seek to answer a substantive question that serves a dual purpose: *which factors influence people's public service preferences?* Firstly, this question is relevant to the extent to which the method used here reproduces earlier results. We can reasonably assume that preferences for public services at the group level remain fairly stable, meaning that an innovative method should produce results that are reasonably consistent with those of previous research. At the same time, answering this question will show which new insights this method can offer.

## S.2 Research method

In order to assess people’s public service preferences, we presented respondents with a budget game, asking them to allocate spending cuts of 10% across a package of 13 public services. The public services included were: income support and retirement provisions (services in the so called ‘secondary sphere’); medical care; long-term care and support; education; public housing; transport; sports, culture and recreation (all in the tertiary sphere); public order and safety; defence; environmental policy; development cooperation; and general administration (all in the quaternary sphere). In addition, respondents were presented with a choice experiment, in which they were asked to choose eight times between two hypothetical government budgets (known as scenarios). These budgets included the 13 public services listed above, as well as an extra item: ‘tax’. These questions were complex and challenging for respondents, but the experiment enabled us to obtain

innovative results (using the scenarios) and to validate these (on the basis of the previous budget game).

The data collection for this study was affected by a significant drop-out rate among respondents as they were completing the questionnaire. Many respondents quit the survey before and during the budget game (10%), and when choosing between the scenarios (22%). This indicates that these tasks were difficult and demanding for respondents. It was also clear that those respondents who did complete the scenario questions were relatively often inclined to skip the question by answering 'I don't know' to all the choices presented: about 10% of the respondents who did complete the questionnaire answered 'I don't know' to all the questions relating to the scenarios. Finally, it was clear that among respondents who did not skip the question on the scenarios in this way, lower quality answers were given after five scenarios, indicating fatigue, boredom or frustration. Due to the drop-out rate and the skipping of questions by respondents, the distribution of the number of fully usable questionnaires was not entirely representative of the Dutch population and it is not definitively possible to generalize the results: men were overrepresented compared to women; native Dutch citizens were overrepresented compared to non-Western migrants; those aged between 30 and 80 years were overrepresented compared to both the youngest age group (16 to 30 years) and the oldest age group (over 80 years); and highly educated citizens were over-represented compared to the lower-educated. This does not mean that the results were not useable: at the group level, the research provided some interesting insights that support the validity and novelty of the method used.

### 5.3 Results of the study

In this study, we assumed that a number of factors can affect people's public service preferences. First, we adopted the assumptions made in previous research, that people's background characteristics (such as their gender and age) and political preferences are related to their public service preferences. In this respect, because we were building on previous research, we can estimate to what extent the methods used here can reproduce results. Secondly, we assumed that the extent to which people profit from a public service will affect their preference for that service. Here, we were tentatively led by previous research into the profit from government services. Finally, we assumed that the level of spending associated with a public service will affect people's preferences for additional spending or budget cuts in relation to that service. By answering this question, we demonstrate the innovative potential of a scenario-based method for studying public service preferences.

#### Background characteristics

Younger respondents proved less willing than older respondents to cut spending on education and income support, but no more willing than older people to raise taxes to fund this. For medical care, the inverse was true: older respondents were less willing than younger respondents to cut spending on medical care, but no more willing to raise taxes to fund

this. Higher-skilled respondents were more willing than lower-skilled respondents to cut spending on income support, retirement provisions, medical care, long-term care and support, and public housing, but less willing to cut spending on education, environmental protection and development cooperation. As with the difference between younger and older respondents, we saw that this difference became smaller when it was explicated that extra spending would have to be financed through increased taxation. Once this was explicated, the higher-skilled respondents were less willing than lower-skilled respondents to pay more for spending on income support, retirement provisions and medical care. In broad terms, these results were consistent with previous research, which demonstrates the validity of the methods used.

### Political preferences

Political preferences are also related to public service preferences, although it is of course difficult to distinguish cause and effect in this regard. The link for defence identified here was similar to that found in previous research: respondents who had voted for GroenLinks or SP at the 2017 parliamentary elections proved more willing to cut spending on defence than respondents who voted VVD and PVV. We also saw that respondents who indicated that they had voted 50Plus or SP were more inclined to cut back on general administration than those who had voted for other parties.

### Individual benefit of public services

Respondents who indicated that they had made use of education services, public housing and sports, culture and recreation services in 2016 wanted to make fewer cuts to these services than those who had not made use of these services. This was not the case for income support, retirement provisions, medical care, long-term care and support, and transport. Both users and non-users of these provisions were equally prepared to cut spending on these services. This may be because retirement provisions, medical care, long-term care and support, and transport are services that everyone expects to use at some point in time, and/or which have positive societal connotations. Where the benefits of services to respondents did influence their preferences - which was true for education, public housing (apparently mainly interpreted by respondents as 'social rented accommodation'), sports, recreation and culture - there was a clear likelihood that respondents will never use these services (again).

### Spending levels

Medical care, long-term care and support, and education in particular attract a great deal of support for additional taxpayer-financed spending when spending on these services is lower, but less support when spending becomes higher. This indicates that respondents value every additional billion euros of spending that goes to these services slightly less than the previous billion. The reverse applies to sports, culture and recreation, and development cooperation. Spending cuts for these services attracted considerable support when spending was high, but less support when spending was lower. It may be no coinci-

dence that in the study, when substantial cuts had to be made, these latter services had their budgets reduced to almost nothing. It is possible that a rational consideration of the utility of extra spending may play a role in this, but also the more intuitive preference not to make disproportionate cuts or spending increases. These results show that the method used can provide innovative insights, because until now there was little empirical indication that people would view public services in such a balanced way.

#### S.4 Lessons and recommendations

The methods used in this study provide innovative insights, but they proved challenging for respondents. What could be done to rectify this? It is generally advisable to restrict the cognitive burden of the questionnaire as much as possible. In particular, extensive and complicated explanations of the tasks appear to lead to significant drop-out. It is conceivable that the use of more visual instructions may prevent respondents from being intimidated by having to read long instructions, but this would still interrupt the 'flow' of the questionnaire. An alternative would be to make the instructions and explanations 'easy to find' for respondents who need them, through strategically placed 'information balloons'. The risk here is that respondents may not read this information even if they need to, meaning that they could misunderstand the task. In an ideal setting, respondents cannot make any technical errors when completing a question and they would automatically be given a brief explanation whenever they try to make a choice that is not possible.

A second point that emerged during the fieldwork and the cognitive interviews is that it is important to ensure a limited degree of complexity in the scenarios (and in the budget game). In this study, thirteen public services and taxation were included in the scenarios. Although there were no more than five changes in each scenario, which was also explained to respondents, this information is still presented and, to a certain extent, is a burden on the respondents' cognitive processes. This approach was chosen for this study because we wanted each of the scenarios to look the same as the others in visual terms, and because it was important that respondents were always able to see spending across the entire range of services. However, it is generally advisable not to include too much information in the scenario. The complexity of the subject must be taken into account: for a simple subject (such as the characteristics of a car) more characteristics can be shown than for a complex subject (e.g. public services).

One final way to reduce the cognitive burden is to present no more than five scenarios. The benefit of this strategy in terms of drop-out is unclear - once respondents had started the scenario questions they only rarely failed to answer all the questions - but it would probably reduce the number of respondents who respond 'I don't know' to the scenario questions, it is likely to enhance the reliability of the results from the scenario questions, it may increase the quality of the answers to the questions that come after the scenarios, and it enables additional questions to be asked. Removing three scenarios reduces the number of observations, but the quality of the results for the later scenarios means that these observations are in any case less valuable. The recommended strategy would be to compensate

for the reduced mass with additional respondents, even though this would entail additional costs.

Finally, choice experiments such as the one conducted in this study, will always be more demanding than regular survey questions and drop-out in this type of research is likely to be more of an issue. The enhanced insights that choice experiments provide make them useful to carry out from time to time. When doing so, it is important to take into account the expected drop-out rate in the sample, as documented in this report. Although it is never entirely possible to correct for unobserved characteristics when collecting data by means of a choice experiment, it would be advisable to approach a larger than usual group of lower-skilled people, younger and older people, and non-Western migrants.

## 5.5 Conclusion

This study has contributed in a number of ways to the limited existing knowledge about factors that contribute to people's preferences regarding public services. Firstly, we have gained a better insight into people's preferences regarding quaternary services and the role that (not) benefiting from these directly plays in this. In broad terms, the results of this study indicate that benefiting directly from a particular public service can increase preferences for spending on that service, but that the societal benefits of many services are also valued to some extent.

Taken together, the results indicate that respondents recognise defence, environmental policy and public order and safety as relevant services which add significant societal value: people are less likely to want to increase spending on these services, but they would not want to see spending on them cut. On the other hand, respondents rarely seem to be inclined to prioritise the societal benefits of these services, over the societal and individuals benefits derived from other public services such as retirement provisions, medical care, long-term care and support, and education. When they are required to choose between extra spending or fewer budget cuts in relation to one of these two groups of services, respondents often prioritised the latter. Respondents were negative about general administration and development cooperation, and therefore seemed to believe that neither they personally nor society as a whole benefit from these services (or even that their effect was negative).

This study provides some tentative elaboration on the results of previous studies into the benefits of different public services. As stated previously, an analysis of the benefits of government services shows that those on middle incomes in the tertiary sector are less likely than those on lower incomes to benefit from services such as medical care, long-term care and support and housing, and that they are less likely than those on higher incomes to benefit from education and public housing. This study does not provide any indication that those on middle incomes change their preferences as a result of this lack of benefit in the tertiary sector. While preferences in the secondary sector seem, to some extent, to reflect the progressiveness of secondary services and those in the quaternary sector increase in line with increases in income, in the tertiary sector no relationship with incomes can be

identified. In fact, the tertiary sector - particularly education, medical care and long-term care and support - seems to enjoy the greatest support among respondents. This is in line with the idea that the individual benefit currently derived from services is probably relevant to people's preferences when it comes to public services, but that they certainly also take account of potential future benefits and wider societal benefits.

We would recommend repeating and further refining this study with a sample that would allow for generalization. By combining measurements of preferences regarding public services with measurements of the benefits of government, it becomes possible to make valuable statements regarding the optimum degree of targeting of public services. Where it appears that the individual benefit of a service plays a very prominent role in people's preferences, widening the accessibility of that service may lead to increased public support for that service; and where a service enjoys public support mainly due to the wider societal benefits that it generates, it may be possible to target that service more narrowly on those groups that need it the most.

In any case, it is certainly important to know what citizens value about public services. Inadequate knowledge in this area may mean that policymakers need to contend with declining public support for a service that is having the desired effect, but for a relatively small group of citizens. In situations where the government is constitutionally obliged to provide this service, such a loss of support may place the government in a position whereby it is obliged to provide a particular service even though the majority of the population do not value this service highly. Insight into citizens' preferences can also help to identify societal tensions that may arise based on users and non-users of public services. Do these tensions stem from a perceived lack of accessibility among non-users? And could they be mitigated by enhancing accessibility - through greater government (financial) intervention, for instance? Or are the tensions and the non-usage of the service both symptomatic of a deeper underlying problem, in which case additional government intervention might only serve to increase those tensions? A deeper understanding of citizens' public service preferences can help to evaluate and address such challenges.