

The Role of Private Higher Education in Providing Professional Human Resources and Financial Resources in Iran

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Abstract

This article aims to deal with the issue of higher education in Iran and study the role of private higher education in providing professional human resources and financial resources for the country. In this respect, the status quo of the research system, status of public and non-public institutions of higher education in Iran are reviewed and it is shown how the government could have income from social insurance and taxes from non-public universities and private higher education institutes. The study showed that public and private higher education in Iran can play an effective role in scientific development. But the private center of higher education have always has tensions with the public sector in terms of performance and scientific aspects. Thus it is essential to study the role of the non-governmental institutions of higher education in provision of financial resources and professional human resources (in the sub-groups of medical, engineering, humanities and sciences). Hence, non-governmental educational centers in Iran are important for the government for providing the country's skilled workforce and employment and income. Studies have shown that non-governmental higher education in Iran meets 60 percent of training experts in the country and they also provide major sources of income for the government for their contribution to the tax and insurance.

Keywords: higher education, private institutes, public universities, non-public universities, professional human resources, Iran, the financial resources

Introduction

An important concern in contemporary debates about higher education policy is that of the “public good.” The concept of the public good is articulated in different ways. In the first instance some argue that higher education is itself a public good that can only be provided by the state (Dill, 2005). Many will be familiar with the economist’s traditional definition of a public good as a good or service which is neither rivalries in consumption nor excludable in ownership. Such goods – national defense being the classic example -- will either not be provided or provided in insufficient quantities by the private sector and therefore must be provided by the state. Not surprisingly economists applying this definition conclude that higher education institutions and more specifically the services they provide are not public goods (Barr, 2004). Basic and applied research, academic degrees, and consulting are all supplied both by private non-profit and for-profit institutions in our society (Dill, 2005).

Because of information imperfections in the market for higher education (Dill and Soo, 2004), the growing rivalry among institutions of higher education has become a contest for academic prestige, not a competition for the most effective production of human capital. The high visibility of college and university rankings that rely upon indicators of research performance and student selectivity encourages all four-year institutions to invest in an increasingly costly “arms race” for prestige. In a national study of the US higher education market Brewer, Gates, and Goldman (2002) discovered that both public and private institutions are making extensive investments designed to increase the selectivity of the admissions process by linking tuition discounts with academic merit and student ability. These institutions are also investing in student consumption benefits such as comfortable dormitories, attractive eating facilities, and fiber optic computer networks that will help draw high ability students. The researchers suggest that this attempt to build prestige by “cream skimming” the student market does not lead to an improvement in the quality of educational delivery. A recent study on the relationship between institutional selectivity and the presence of educational practices known to be associated with student learning confirms that they are largely independent (Kuh and Pascarella, 2004).

The Brewer Gates and Goldman study (2002) examined the market behavior of for-profit as well as public and private not-for-profit universities.

Ironically the researchers discovered that while traditional institutions of higher education may compromise student learning in an effort to gain academic prestige, profit-making institutions have a greater incentive to compete on educational value added, since they cannot make money by contesting on reputational indicators such as student selectivity and academic research. Therefore, for-profit universities were more likely than their public and private not-for-profit peers to invest resources in activities designed to meet the needs of enrolled students rather than in efforts designed to boost institutional prestige (Dill, 2005).

In this article it is tried to study how private higher education in Iran can help to provision professional human resources and financial resources for the country.

Status quo of the research system in Iran

R & D expenditure as a percentage of GDP (%) of Iran during the five consecutive years from 2004 to 2008 has not been more than 47%. However, the figure for Japan has been 3 and for the United States 2.7 percent. The number of researchers per one million people during these years varied from 350-400 to Iran and it has been more than 5,000 to Japan and the United States. All successful countries today and those who are determined to achieve a bright future have planned seriously for their future training programs. All these cases along with the facilitator, fastener and supportive factors, built the "National Innovation System" of a country which is the foundation for a prosperous and sustainable economy of the knowledge and learning. For example, in America, so many universities have developed in small towns that the ratio of students in this country is 7,000 people per 100000 people. This is while despite so many universities established, the ratio of university students is 3500 people per 100000 people. Another indicator that can improve the status of science and technology production is the ratio of the number of researchers achieved in a million people which was 340 people in Iran in 2004. In the vision of 2015 and in a desired status this number is to reach 1500 people. In this case, the number of researchers considering the population of the country will increase to 120000 people (for the population of 77 million people).

Subject	The year 2011	Status quo
Index of technology achievement	%45	0.26
Index of educational development	84	78
Percentage of research credit to GDP	2.5	0.87
Number of scientists and engineers working in R & D (per million people)	2000	336
Number of registration for license of scholarship point(per million people)	4	1
Percent of technology exports to total non-oil exports	6	2
Percent of literate people over 6 years old	90	85.5
Number of books published per 100000 people	54.9	34.7

Table 1 - Indices of the research and technology in Iran

Subject	2002	2006	2011	2015
The ratio of R & D expenditure to GDP	0.8	1.2	2	3
The ratio of R & D expenditure to GDP in the public sector	0.43	0.75	1.25	2
The ratio of R & D expenditure to GDP in the private sector	0.37	0.5	0.75	1

Table 2 – Process of research and development expenses to GDP and its prediction for the year 2015

Status of public and non-public institutions of higher education in Iran

A - Public Sector

In Iran, the Ministry of Science, Research and Technology is responsible for providing trained and specialist human resources, but also other ministries and executive organizations are involved in training skilled manpower. With the ceding of medical education to the Ministry of Health, Treatment and Medical Education, after the Islamic Revolution in August 1985, all powers, duties and responsibilities in the Ministry of Culture and Higher Education and Medical Education were transferred to the new department. Now in addition to universities and higher education institutes affiliated to the Ministry of Science, Research and Technology and of Health and Medical Education, other centers accept students with permission from the Ministry of Science, Research and Technology.

Some of these centers include teacher training centers and technical colleges affiliated to Ministry of Education and other higher education institutions affiliated to other ministries such as: ministries of Foreign Affairs, Post and Telegraph, Road and Transportation and more. Education process of students at universities and institutes of higher education is in this way that to study in a field, they are accepted in one of the higher education institutes (University, College, Technical College or school), complete their courses and academic units in a given time period and universities award the graduates with official documents of associate, bachelor, master, doctoral and professional PhD according to their academic courses which they have been accepted and educated in. Presently, 54 public and non-profit universities and higher education institutions operate under the supervision of Ministry of Science, Research and Technology which are responsible for policy-making, planning, educational guidance, supervision and evaluation, granting the establishment permission, development of universities and courses and selecting students. In addition to these universities and institutions of higher education, some other university called university of Science - applied has been established in 1990 to strengthen technical and vocational education and training of skilled manpower required in sections of industry, mining, agriculture and services. These trainings mostly include associate and bachelor courses which are run with the cooperation of executive agencies and organizations and the ministries employing those students.

B - Non-public Sector

In order to increase public participation in higher education services and reduce government financial burden in this area and due to increasing social demand for entry to higher education in Iran, some universities and institutions in non-public sector has been created such as Islamic Azad University.

Islamic Azad University has now one million five hundred thousand students, two million five hundred thousand graduates, and 400 branches inside and outside the country, 35 thousand faculty members and 41 thousand personnel. It is nearly 27 years old (Rezghi Shirsavar, 2010).

Year	Non-Public sector (Islamic Azad University)			Public universities and higher education institutes		
	F	M	F & M	F	M	F & M
1986-1987	250596	362872	613468	209163	369907	579070
1990-1991	397609	438640	836249	346342	387185	733527
1991-1992	390067	416571	806639	378365	381505	759870
1992-1993	435435	428755	864190	412848	396719	809567
1993-1994	481590	486616	968206	493420	430493	923193
1994-1995	529993	568498	1098491	549570	469410	1018980
1995-1996	582090	599110	1181200	587042	493110	1080152
1996-1997	583590	621420	1182564	589521	499521	1081251
1997-1998	586485	635214	1245842	589995	520251	1100258
1998-1999	649830	651921	1301751	591325	552075	1143400

Table 3 - Number of students in universities and public and non-public higher education institutions

Sources: 1. Islamic Azad University, Department of IT, communications and information.
2. Ministry of Science, Research and Technology

Asking for tuition fee and privatizing some part of higher education in Iran is due to the high demand for higher education and limitation of governmental resources. So Iran's government in the past two decades in response to high demand for higher education and considering the limited capacities of universities and higher education institutes has implemented privatization policy and has accepted students in night courses, Payam Noor, nonprofit centers and Islamic Azad University. But tuition fee increase during this period has caused dissatisfactions and made policymakers and managers think of solutions.

Here in brief the achievements of non-public institutions of higher education for the economy of the country pointed out:

- The increase in the number of 500000 students enter in higher education institutes in the year 2011 means two third of the goal set in the fourth development plan has been achieved. It should be said that by the end of the fifth development plan, the ratio of the 18 to 24 year-old student population should reach to 30% and this requires the acceptance of almost 700000 students in non-profit institutions of higher education

- Reducing the government's responsibility and policies and changing the government to a supervisor of private sector activities and moving towards privatization goals in the country
- Reducing the government's expenditure per student in public universities to 20000 \$ in each year
- Creating job and employing nearly 60,000 faculty members and more than 430 000 people as non-teaching staff in non-profit institutions across the country
- Progressing the objectives of the development programs on creating the bases of knowledge-based economy and fastening the process of gaining the first scientific and technologic place in the region according to what is planned in the 20-year perspective of Iran
- Protecting values and decreasing the number of students studying in universities abroad and preventing the exit of intellectual capital of the country
- The development of physical education space and promoting culture of learning by providing easy access to higher education
- Providing professional experts needed in the country
- To meet the increasing demand for higher education in the country
- Creating a competitive environment of higher education.
- Localizing higher education in the provinces

Almost for sure, it could be said that without participation of private sector in development of non-public higher education institutes, creation of such capacity and reaching above-mentioned goals in this short time seem to be impossible.

Revenues for government from social insurance and tax

Subject	Insurance sum paid for invited lecturers	Insurance sum paid for faculty members	Insurance sum paid for the staff	Tax for invited lecturers' wage	Tax for faculty members' salary	Tax for the staff's salary
Year						
1986-1987	-	189.9	169.7	33.1	133.7	155.6
1987-1988	-	201.3	182.4	40.3	142.4	165.2
1988-1989	11.8	212.4	195.6	46.6	151.8	183.1
1989-1990	14.6	224.7	213.7	47.5	165.3	190.8
1990-1991	20.5	250.6	240.6	51.1	179.6	199.2
1991-1992	19.6	258.9	251.9	51.3	198.8	251.3
1992-1993	22.2	300.6	260.9	55.6	214.6	281.6
1993-1994	31.6	322.8	265.3	57.8	249.8	290.5
1994-1995	33.3	340.4	271.5	59.2	281.4	298.7
1995-1996	41.5	348.6	279.8	62.5	299.2	305.6
1996-1997	36.6	388.3	300.3	65.3	328.7	351.5
1997-1998	40.8	400.6	325.6	74.5	359.3	358.1
1998-1999	41.5	431.8	355.8	79.6	403.5	401.5
1999-2000	44.3	432.5	358.9	82.8	472.3	425.4

Table 4- Insurance and tax revenues of the government from non-public university branches (Islamic Azad University) (Million Rials)

Conclusion

Non-public institutions of higher education and Islamic Azad University with thirty years of education and research activities have greatly influenced the scientific development of the country and have had a considerable part to provide specialized needs of the country. Gaining national and international titles in business innovations, written articles and other scientific activities of the university teachers and students in these universities that have been announced several times in the media are proving this claim. Now nearly 60 percent of the country's higher education sector is the NGO, and if the government does all the budget cuts in higher education, these higher education institutes will still be able to manage all their students with one fifth to one eighth of the budget the public universities receive for each one student from the government. Thus, non-public higher education institutes have been very successful in higher education in Iran and have provided enormous resources of revenue (from tax, insurance, etc) for the government.

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