Privatization of education in the Islamic Republic of Iran: One step forward, one step back

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Abstract: During the last three decades in Iran, the government has had different policies on the privatization of education. After victory of the Islamic Revolution in 1979, the new government closed all private schools for nearly a decade. Establishing and reopening Non-Governmental Schools (NGS) was the first action toward the privatization of education after the end of the war with Iraq in 1988. In recent years, there has been an increasing trend among owners of NGS toward closing their schools. This paper investigates factors influencing the closure of NGS through in-depth interviews with three groups: owners of active NGS, officers in the NGS Office, and owners of non-active NGS. The paper starts with an introduction, which is followed by the methodology of the research. The third section presents the findings of interviews. More specifically, this paper analyzes Iran's different strategies concerning the privatization of education based on Klein's Model. The paper ends with the conclusions.

Subjects: Education Policy; Education Politics; Education Studies

Keywords: educational system; non-governmental school; privatization; state; Iran

1. Introduction

The history of the privatization of education after the Revolution in the late 1970s might be divided into three ten-year periods. In the first decade (1979–1989), affected by the country’s revolutionary atmosphere, the few private schools inherited from the previous regime were closed, and their closure was facilitated by the government. In the second decade (1989–1999), the government encouraged the establishment of Non-Governmental Schools (NGS) to meet the demand for educational services. This period was characterized by a rapid increase in the number of NGS, which were allowed to operate under limited government regulation. In recent years, there has been a growing trend among NGS owners to close their schools, possibly due to economic pressures or changes in government policies.
pupils were transferred to governmental schools (Bageri & Najafi, 2008). Revolutionists believed that Non-Governmental Schools (NGS) only served rich people, and increased inequality in education and society. Private educational institutions remained closed for nearly 10 years (Mesri, 2008). History shows that continuation of this policy is not always possible.

The Iran–Iraq war (1980–1988) had a great influence on privatization of education. War became the most important obstacle to the allocation of financial resources by the Ministry of Education, so that at the end of the war, student capitation decreased very much at a fixed rate (Jafari, 2010). The decline of oil revenues, an increase in the population rate, urbanization, and the high social demand for education were other factors influencing re-emergence of private education (Ansari, 2005). In practice, all these factors provided the required political and educational grounds for making and approving the formation of the “NGSs’ Bill” and permitting private sector investment in education at the end of this decade.

After the abovementioned law was approved in 1988, the second decade started (1989–1999). The State was aimed to apply privatization policy in all economic sectors including education. Because of this policy, NGS enjoyed government support. This support included administrative (organizational support), financial/material (low-interest loans and assignment of land), and work force (dispatching teachers) aspects. The practical consequence of this policy was establishment of 6,000 NGS constituting 5% (900,000 students) of the total student population (Falahi, 2009; Tahmasabi, 2004). By the beginning of the third decade (1999–2009), the number of schools increased from 6,192 to 13,000 in the academic year 2009–2010. In 2010, the proportion of NGS had reached about 11% of all the country’s schools with 1,100,000 students (NGSO, 2010). While the Ministry of Education has not been collecting accurate statistics about the economic effects of NGS, existing data show the economical benefit of NGS to Iran’s government as follows:

- 13,893 schools,
- Employing about 105,000 as NGS staff,
- 7,325,227,000 Iranian Toman (US$ 209 Million) (NGSO, 2010).

In recent years, NGS authorities have witnessed a new phenomenon entitled “suspension of NGS.” For first time, the report of the NGS Office (2009) in the Ministry of Education revealed that owners’ requests for “suspension of school activity” was an increasing trend in all provinces compared to previous years. In 2008 and 2010, in the whole country—and at all school levels—700 and 457 NGS, respectively, suspended their activities (NGSO, 2010). Mesri (2008) found that of the total NGS in Tehran, 2,000 schools had vacancies, and more than 90% faced financial problems. Azizi (2012) reported that in summer, and before the opening of schools for the academic year 2012–2013, 60 NGS suspended their activities in Tehran. The reformist newspaper, Etemad announced that many NGS had declared their bankruptcy a long time before. According to this newspaper, an expert in the NGS office in Tehran city had stated that every day at least one founder sent a request to close her/his school, and more than 700 NGS owners had announced their bankruptcy (Babaei, 2013). In the latest news, the People Participation and NGS Deputy of Education minister has stated that during the last 5 years, the number of children registered in NGS has dropped from 11% in 2010 to 8.5% this year (Kurd, 2014).

Given this situation, the Ministry of Education aimed to investigate the factors influencing the increase in the suspension of NGS. This article is part of the research prepared by the authors for the Ministry of Education in 2012. In this research, the main goal was to determine the most important factors affecting the suspension of NGS. Therefore, we chose to interview three groups: the NGS founders who had been closing their schools; the owners of active NGS; and officers in the NGS office of the Ministry of Education.
2. Methodology
The main purpose of the research is to examine how three groups of participants understood and interpreted changes leading to the suspension of the NGS. The research questions are:

- What are the most important factors involved in the suspension of NGS,
- What institutions and organizations played a role in the suspension of NGS,
- What are NGS founders’ reactions to this challenge, and
- What has been the State’s policy on the privatization of education during the last three decades.

In this study, grounded theory is used as the methodology of research. In this method, data collection and analysis and theory are related to each other. The researcher, without any preconceived theory, allows the theory to be created by data (Allan, 2003). Based on this, it is natural to identify the factors that caused the suspension of NGS through people who—in the past years—have had to deal with these schools, and are aware of their ups and downs. Accordingly, three groups of people—active NGS owners, non-active NGS owners, and officers of NGS—were selected to participate in the study. It should be mentioned that the present paper contains only the qualitative results of an extensive study, so the sample population was the same for both quantitative and qualitative parts of the research. The sample was selected using stratified method sampling as follows: in the first step, of the 31 provinces of the country, 10 provinces were selected in terms of the frequency of NGS suspension. Then, due to the abundance of population of each group in the 10 selected provinces, 368 people participated in the quantitative part of the study. Of the 10 selected provinces, the 4 provinces of Isfahan, Khorasan Razavi, Tehran, and Lorestan were randomly selected to participate in the qualitative parts of the research (present paper). In the next step, 32 people (3 active NGS owners, 3 non-active NGS owners and 2 NGS officers from each province) were selected for in-depth interviews using the purposive sampling method. In purposive sampling, the researcher identifies the characteristics of the interest population and tries to find these people (Johnson & Christensen, 2008). In qualitative studies and particularly in grounded theory, data collection and analysis are performed simultaneously to contribute to the emergence of a theory based on data (Allan, 2003). The main technique used to collect data is the in-depth interview. The in-depth qualitative interview is very suitable for research using grounded theory. In in-depth interviews, the researcher has more control over data construction. In fact, an interview is a conversation dialog. For collection of data, we used “standard open interview” technique proposed by Patton (2001). The main structure of the data analysis was based on grounded theory underlying three coding approaches: open coding, axial coding, and selective coding.

3. Analysis of results
The results were obtained through in-depth interviews with 32 people in a group format (each group four person) and in a friendly atmosphere in different NGS schools and offices in each province. Each interview lasted on average, 4 h—although researchers did not consider any time limit for the interviews. Descriptive information showed that about 50% of the respondents were active NGS owners, 35% non-active NGS owners, and 15% officers of NGS who had expressed their opinions about factors affecting the suspension of 105 NGS in the four abovementioned geographical areas. The data showed that more than 45% of the suspended schools had been established, setup and then shut-down during the previous three or four years. In addition, in more than 80% of the suspended schools, the founder was not the owner of the school building and had been forced to rent it out. However, analysis of the interviews resulted in the extraction of 44 basic code concepts in the phase of open coding, six major issue concepts in the axial coding, and one central issue in the selective phase. According to these concepts, the findings for each question are presented below.

3.1. Causal condition
In answer to the first question of the research, which was “What are the most important factors affecting suspension of NGS,” research participants emphasized the role of four most important economic, organizational, managerial, and educational factors. Since the main cause of suspension of
NGS was a failure in one of these areas, we called them “causal conditions.” Findings indicated that the most important factor influencing the process of NGS suspension was the general condition of Iran’s economy, which included problems such as high mortgages and rental rates of buildings affected by high inflation, a decline in the value of national currency, existence of different barriers to obtaining a loan, and finally a lack of proportionality between school costs and income. The impact of these factors is evident from words of the interviewees, and it can be said that the three groups of subjects interviewed were in complete agreement about the economic effect. Accordingly, one officer said:

Most suspended schools belong to the founders whose economic power is weak, and who established their schools in leased buildings. Sooner or later, they were excluded.

Also, one of the non-active NGS owners admitted:

I had to change the place of my school every year because of high rates of mortgage or rental of buildings.

One of the active NGS supported his colleague’s statement and added:

For 4 or 5 years, we have had to borrow money from banks or our friends. Every month, I have to pay 3 million Tomans interest for bank loans. The [formal] rate of inflation is 21%, but the rate of tuition fee has increased only 10%. This means a 10% deficit. Who should compensate us for this shortage.

This situation had caused many of the founders of NGS to believe that continuing to operate NGS is very difficult and investment in education had no economic benefit.

The second causal condition affecting suspension of NGS is “organizational factor.” The most influential of which is government’s policy—especially the Ministry of Education. The main criticism of research respondents is the lack of real support of NGS by the government. Usually, most of the respondents compared the present government’s policy with the past:

In the early years of NGS activities, the government had a good attitude towards these schools, although people and the majority of teachers were not optimistic about NGS. (Non-Active Founder No. 3)

One of the officials believed that:

The Ministry of Education has no any special policy on NGS ... each minister considers NGS in terms of his personal attitude and thoughts and therefore, the actions and behaviors of ministers sometime have been conflicting each others.

The majority of founders believed that many education department directors regarded NGS owners as strangers, and therefore preferred governmental schools. This is especially noticeable in distribution of human resources, in that the Ministry of Education has banned transferring of teachers to the NGS while it has surplus teachers.

The third causal condition involved “managerial factors.” The results indicated that the most important managerial factors affecting the suspension of NGS were: tuition fees received less than approved fees, the inability of owners and heads of schools to recruit reputable teachers, and lack of economic experts in the Ministry of Education to give guidance to new NGS founders. For example, one of the officers said:

If schools have faced some challenges, that is because people who have come to the work are aimed to achieve everything overnight, or because the school’s founder who opened his school 10 years ago, today cannot go farther with the same idea ... the founder who is not willing to know his competitors surely fails. The founder has not creativity.
It is clear that mismanagement on the part of some NGS founders, along with incorrect recommendations of some of NGS officers, had been grounds for some of the causes of economic failure.

The fourth causal condition affecting the suspension of NGS was “educational factors.” The interview analysis showed that a decrease in the number of students and lack of school facilities including good teachers are main educational reasons for suspension of NGS. In this regards, one of the active founders emphasized that:

Since governmental schools are equipped every day, as well as population of students being reduced, if we do not equip our schools, definitely we will fail.

3.2. Interferes
This refers to the unnatural intervention of institutions and organizations in NGS activities. In response to the second question of research, which is “What institutions and organizations played a role in suspension of NGS,” the interviewees mentioned the names of 12 governmental institutions and organizations, such as different departments in the Ministry of Education, the Islamic Parliament of Iran, the Ministry of Work and Social Affairs, Municipalities, Banks, and so on. Among these, the Ministry of Education’s performance received the most criticism. In many cases, the interviewees referred to issues such as diversity of officials bylaws and confuse and conflict among different education departments on interpretation of rules and regulations; determination of tuition fees without consideration of social and economic realities; and issue of overflow licenses for establishment of new NGS. Each of these items can be seen in detail in the words of interviewees. For example, the Ministry of Education reduced the distance between schools from 1 km to 250 m for single sex schools (e.g. schools for boys) and to 500 m for opposite sex schools (school for boys and girls). This is evident in words of one active founder:

Everybody in this country knows that the number of school children has reduced, but the Ministry of Education every day issues a license to open new [school] near my school. Where should I find students to be able to pay the various costs.

The other very challenging issue between the Ministry of Education and the owners of NGS is determination of tuition rate. In fact, this issue has different aspects that require separate research, but it seems that the government sees itself obliged to intervene in determination of NGS tuition rates. This concern shows lack of attention paid by the government to the principles governing the situation in the private sector, economic competitiveness, and the customer’s right to choose the best goods. As a result, the government, in an unrealistic way, determined the same tuition rate for all NGS in the province. One of the respondents with more than 44 years length of service in education complained that:

The Ministry does not make any differences between good and bad schools and sets the same rate for all. Should my tuition fee, with a very good educational environment, be equal to someone who rents a house for his school.

3.3. Reaction
What is NGS founders’ reaction to challenges?— this is a profitable question. Analysis of interviews revealed that most of founders (active and non-active) had been trying to survive through different decisions and reactions. Some of the most common decisions of NGS founders are as follows:

- Increasing the number of students through unrealistic grading,
- Conducting extra-activities and curriculum programs,
- Increasing pressure on parents to pay more,
- Reducing the purchase of equipment and supplies needed,
- Reducing teachers’ salary,
- Closing the school temporarily,
• Continuing to work with loss and so eat into savings,
• Full suspension.

4. Privatization of education: Iran strategies

Based on the analysis of data and information provided by the interviewees, the question arises “During the past three decades, what has been Iranian government’ strategy on privatization of education.” To answer this question, first, we might refer to the difference between the two terms: marketization and privatization. What is often remembered from the privatization of education is actually marketization in the form of collection of tuition fees and financial help (Burch, 2009). In fact, these terms are used often interchangeably, although it may be said that marketization is the elementary stage of privatization. In reality, the privatization of education has still not occurred in either developed or developing countries. What we are observing is a progress on a continuum starting from decreasing the role of the State, continuing towards marketization, and finally complete privatization (see Bray, 2004). Klein believes that abandoning education to the government or the private sector is comprehensible in two basic areas: first, providing financial resources such as building, equipment, and monetary expenditure, and second, educational provisions like training and employment of human resources, educational planning, and school management (Klein, 1984, Quoted by Whitty, 2000, p. 1).

Considering these two basic areas, Klein recognizes four forms of participation of State or private sector in education. In the first, the State itself undertakes provision of both financial resources and educational provisions, and does not permit private sector participation and investment in education at all. The politicians’ main presumption in the first form of participation is that education plays such a basic and sensitive role in the country’s destiny that it must not be accessed by market fluctuations and competitions of the private sector. In the second form of participation, financial resources are provided by the private sector (mainly parents) and through establishing mechanisms like tuition, but formulation and performance of educational policies are left to the State. The private sector has no right to make decisions, and people are mainly treated as customers. This status might be called “Marketization of education.” In the third form, the State gives financial resources to the private sector through providing facilities like loans and land. Likewise, educational decisions and policies such as method of students’ enrollment, teachers and principals’ employment, and budget allocation and distribution are undertaken by the private sector, and determined based on the criteria and mechanisms governing the market. The term “Ministrant State” is a suitable name for describing the position of the State in this form of participation. In the fourth form, the State lacks any role in either of the above aspects. Whitty and Power (2000) used the term “Education without the State” to represent the role and position of the State. In this situation, education liberalization or complete privatization of education is started by abolishing governmental subsidies.

Following Klein’s Model (1984) to answer the research question, “What has been the State’s policy on the privatization of education during the last three decades”? the information obtained through interviews reveals that Iran does not have a fixed and dynamic strategy concerning privatization of education. As it has already been mentioned, the State ordered the closure of all private schools in the first decade (1979–1989) (Figure 1, case 1). In this case, and according to Klein’s Model, the State itself
undertakes provision of both financial resources and educational provisions. However, the pressure of Iran–Iraq war' costs forced the government to retreat and adopt a new strategy. Then, for the next decade (1989–1999), Iran moved to cases 2 and 3 of Klein’s Model simultaneously. In these cases, financial resources were provided by the private sector, but the formulation of educational policies and performing them are left to the government. In addition, the State prepared facilities like loans and abandoned lands to the private sector, but did not permit them to have authority for educational affairs. In the last decade (1999–2009), some politicians in their speeches have favored case 4, but in practice inclined toward case 1. In fact, during the last decade, as was evident in the interview analysis, the government has cut its aid to private schools (loan, land, and teachers). Also, the State in various ways has converted many of the governmental schools to semi-private schools. Naturally, many NGS has lost their customers. In terms of Klein’s Model, this strategy is clearly a retreat on the government’s part and an undermining of private investors. Based on this analysis, it is easy to understand why nowadays we are witnessing a phenomenon called “suspension of NGS” in Iran.

5. Conclusion
During the last decade of the twentieth century and the first decade of the new millennium, the education system of Iran has experienced many changes. In education, and like many other economic sectors, privatization was not a rapid process. In fact, what happened might be further called a “creeping privatization.” During the 1980s, the revolutionary government was quite opposed to the privatization of education. However, in the 1990s, the situation changed in favor of the private sector. The government attempted to help investors through land tenure, low-interest bank loans, and sending teachers to schools. For this reason, within 10 years, the number of private schools increased from 2,000 to more than 6,000. Over a decade later, government support was not high, but the number of schools had increased. A competitive social environment for university admission and families’ willingness to send their children to better schools prepared a suitable ground for more investment in education and establishment of NGS (11,000 in 2011) (NGSO, 2011). Nevertheless, over the past 6–7 years, decline in student population rate, decrease of family income because of Iran’s economic crisis, and an increase in number of private schools has resulted a very difficult situation for owners of NGS. However, according to research findings, the following points might be inferred from the situation of NGS and the privatization of education in Iran today:

Relationship between State and NGS is mainly affected by economic constraints,

The State’s support of NGS has not followed a constant and specified strategy,

The State has never accepted the independence of NGS in educational affairs, i.e. preparation of school textbooks,

For many NGS owners, investment in education does not necessarily follow the laws governing investment in other economic activities. Founders always expect help from the State,

The State feels it has the right to intervene in all aspects of NGS, and

In reality, neither the State nor the founders of NGS have accepted “privatization of education” as an economic activity subject to supply and demand.

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