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# New Public Management and Reforms in Iran: Analysis of Government Downsizing

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## 1. Introduction

The transformation of the public sector, generally termed 'new public management', is performed in most countries in association to economy, aiming at development of organizations along capitalist models of global economy, This has been particularly the case in Britain during the last two decades [1, 2]. The representation of clear performance criteria, decentralization, government downsizing, cost decrease, competition, marketing, delegating non governance duties to half-independent, [3, 4].

This management method is introduced as a solution to insufficiency, weak service, unsuitable responding and reaction to previous failures of governments in context of economic growth as one eminent point of international evolution over public affair management [5, 6 and 7]. Undoubtedly, new theory is the main incentive of fundamental changes in public organizations and a basis for passing welfare state after the World War II.

The first part of this paper will study the bases and principals of new public management with a glimpse at streaks of this management in public sector of Iran, a method of performing new public management i.e. government downsizing In the last part, I shall show that downsizing has not significant value in Iran, and that predicted aims have been achieved in a combined way.

## 2. Theoretic principals of new public management

Different interpreters and claimers of new public management emphasize various aspects of this doctrine [9, 10, 11, 12, 13 and 14]

One of the authors summarizes principales of administration reformations related to new public management in five axes as following:

- Redefinition of administration duties, separating government from agencies, centralizing government on national economic management and representing public services.
- Restructuring public organizations through optimizing administration structure, downsizing public service and improving efficiency of affairs.
- Rationalizing public affairs' responsibility and decreasing duty interference in response framework.

- Guiding reformation of public organizations on the basis of economic and social condition of each region.
- Establishing a legal and standard framework for affair performance [15].

**1<sup>st</sup> Principle:** Managerial orientation that Pollit introduces it as:

Efficiency increase, the use of complicated technologies, regular labor force in order to ensure productivity and accurate performance of professional management role

**2<sup>nd</sup> Principle:** New public management on the basis of indirect control instead of direct one. Some characteristics of this principle are:

Continuous improvement of quality, emphasizing self-control, contractors, observation, suitable information systems, focusing on market and performance gauge

**3<sup>rd</sup> Principle:** Utilizing engineering techniques of industrial production in public sector.

**4<sup>th</sup> Principle:** Emphasizing cooperation preference based on market [18].

Steven Hood has declared seven indices constructing public management doctrine:

1. Placement of professional management in public sector: Hood says the first aspect of new public management emphasizes active control of public organizations by super managers having power. A sample of this aspect is "Let Managers Manage". This clarifies that there is a need to professional management at a high level [6].
2. Clear gauges and standards of performance: An important tool for the performance of the professional management model, is to have aims, achieve indices, emphasize aims, achievement indices, emphasizing qualitative results and justification on the basis of response. This focuses on results and outputs which are different from input focus (traditional public affairs).
3. More emphasize on controlling public organizations and innovation management: Controls are carried out via plan budgeting, performance, long-term planning and managing organization strategic. Strategic management focuses on aims to which the organization should reach in a very changeable environment. Focus on results instead of process means that the managers mostly pay attention to lower levels.
4. Separating units in public sector: Large Ministries are divided in order to separate policy maker units from performing units smaller ones.
5. Encouraging more competition in public services: The use of marketing principles can be applied to the public sector as means of separating performance and production from competition. This may have the advantage of decreasing costs and improving standards (technology transmission from input to output), competition between various producers in order to decrease costs and improving standards.
6. Emphasizing management methods of private sector: This idea means distancing from moral principles of public toward stretching in employment and awarding, performance evaluation and paying on the basis of qualification which emphasizes inserting successful management tools of private sector into public sector.
7. More emphasis on regulation and saving resources: Decreasing direct costs, increasing personnel discipline, resistance against desires of units, limiting other costs in the level of private sector costs and applying information and relation technology [16, 17].

Hays and Kearney have represented five principles of new public management through studying published cases:

1. Downsizing: Decreasing the size of government
2. Manageability: Applying principles of commercial management in government
3. Decentralization: Approaching decision making to service receivers
4. Removing bureaucracy: Restructuring government with emphasizing conclusion instead of processes
5. Privatization: Guiding good and service production toward outside of public institutions (private companies' production) [18].

It seems that Hays and Kearney's theoretic frameworks of new public management is the most complete framework. On the basis of this framework, this paper is going to focus on its first axis i.e. government downsizing, its meaning, bases, achievements and failures.

### **3. Downsizing**

Governments have encountered economic and official problems during past two decades. Unnecessary group employment made public sector massive. On the basis of latest evaluations, at least 1/3 -1/2 of state owned personnel are working without bringing any profitability [21].

The governments have decided to achieve their constructions and compensating government capacity lose via granting some tenure activities to independent units or via privatization and contracting [22].

### **4. Downsizing concept**

Different theories are represented over downsizing. Some theorists emphasize on decreasing human force in downsizing concept [25, 26]. On the basis of Casio theory (1993), downsizing is planned omission of occupations or posts which does not consist being fired or existing of personnel through retiring etc. [27].

Chan (1990) defines downsizing as decrease, diminution, omission, simplification of efficacy of government activities or public institutes and its internal plans which consists of consumption resource decrease such as budget and human force [24].

Cameron supposes downsizing as a complex of organizational activities which are formed into a management tool in both public and private sector and its aim is to decreases costs and increase of productivity and reengineering of processes [28, 29]. In this definition, downsizing process has the followings lowing characteristics: it is intentional, leads to a decrease in personnel number (via retirement, officer transmission to non-public sectors), facilitates organization or institute productivity via cost control and finally causes process performance via labor force and less resources.

Kettle declares that downsizing follows a simple aim i.e. downsizing the public sector size and contains a complex of clarified tactics of performing all acceptable political actions in order to decrease the number of organizations, costs and the number of officers. He believes in that downsizing would be carried out through malcontent citizen pressure on government who desire decrease of public costs. Main methods believe in that misappropriation is very

high in public organizations and should be prevented. Therefore, semi-market activities, privatization, reorganizing of public institutes and limitation on the basis of government size are of significant methods [30].

Downsizing is a class of performance which lead to improvement and productivity of organization and decrease of human force cost. They expect some results related to downsizing such as: decrease of per capita costs, less bureaucracy, quick decision making, easier organizational relationships, more innovations and better productivity of organization [31].

There are various downsizing approaches:

## 5. Downsizing approaches

1. Downsizing as Reorientation: Governments or organizations downsizing whose aim is balancing internal environment to external environment should take reorientation approaches. In this approach, the organization tries not only regulate the problems according to the manner of performance but also pay attention to what is demanded in the first step. The aim of reorientation approach is to take an affective, productive and new structure via analyzing and redefinition of mission and the strategic orientation of an organization [31].
2. Downsizing as Convergence: Convergence approach does not refer to any main change in organization, it desires continuous improvement. In this approach, all people participate in downsizing.

Convergence is well performed in minute level of organization such as posts and processes and demands wide participation of people affected by downsizing. The whole organization is aroused in order to take a continuous improvement approach while management tries to cause downsizing aims.

One advantage of downsizing as convergence is that the whole organization participates in permanent improvement therefore an organization of reorientation should follow permanently the experience related to convergence approach.

The aim of reorientation is re-planning of the whole organization, while the aim of convergence approach is strengthening present structure and strategy through permanent effort in order to make a productive organization [31].

When an organization decides to downsize in every approach that it selects, it should utilize suitable strategy or strategies. Appelbaum et al. represented 3 common strategies via studying wide literature related to downsizing:

- a. Strategy of decreasing human force: the first selection of downsizing organizations. This is a short term solution with quick effect and includes personnel transition, retirement, redemption, temporary fire and encouraging personnel to leave the organization. Also compulsory or voluntary transitions and firing with or without placement are of other methods utilized in decreasing human force performance. Each method follows a kind of decreasing support strategy. Cameron (1994) believed that this strategy leads to a competency enemia on the whole organization and without considering basic skills and vital human force [26]. Mentzer (1996) proposed that the most effective method of

- decreasing number of personnel is to select in an accurate and precise way instead of equal considering of them.
- b. Replacing strategy: The aim of this strategy is to decrease work mass instead of reducing personnel and will be performed via gradual omission of duties, hierarchical levels, units and decrease of weekly work hours.
  - c. Systematized strategy: The main aim of this strategy is that it gives assure in order not to have human force decrease in a continuous and repeated form in the future. Systematized strategy will connect downsizing to simplification of all work contents and organization units such as supplying primary materials, planning process, marketing, production manners and the whole organization. This strategy emphasizes change of current position, culture, detecting suitable time of performance and long-term results.

These 3 strategies are not independent. Cameron believes that it is better for most organization of downsizing to utilize one strategy instead of various options.

Human force decrease is of several advantages among strategies. Some of these advantages are quick shrinkage of organization, drawing colleagues' attentions to undesirable position of organization, economizing in daily performance cost, attention of remaining personnel to changes and coming predictable decreases.

Some negative results are related to this downsizing strategy. When human force decrease strategy is considered, it is not clarified that who will be omitted from organization, which skills will be lost in organization and what will be the result of human force leaving it. Also downsizing strategy represents mis-performance and inefficacy of organization and contains faithfulness and commitment of personnel. Therefore individualism and "I" will rule the organization instead of "organization" and "we". At first, the organization benefit human force decrease in a short term but some theorists such as Bruton Ana et al. (1996) believe in that these benefits will be harmful to organization.

These organizations can follow other options in the framework of human force policies instead of human force decrease. Some of these actions are human force cost, performance facility, stopping new employments, decrease or omission of personnel benefits and shortening of weekly work hours.

When the organizations take re-planning strategy, they will be able to increase their productivity because of simpler structure. This short-term strategy will cause some changes and limitation in some parts of organization and will not have widespread efficacies.

Other scientists refer to downsizing methods especially in public sector which are mostly cost and human force decrease:

1. Human force balance via optional and before appointed retirements, stopping employment, service compensate plans, redemption policies, re-educating personnel in order to facilitate their transmission to private sector etc. [32, 33].
2. Reforming payment policies such as decrease of salary, advantages and limiting their payments [32]. On the whole, new public management and its main axis are spread in various countries and this point of view has become a public affair management. The following section will address this point



## 6. The experience of new public management in Iran

The first streaks of new public management were observed in Iran in the form of reformation of Islamic Republic government as the first bill passed in 1982 after Islamic revolution victory. The third bill of constitution emphasizes the necessity of suitable system existence and omitting unnecessary structures in order to reform official system. The investigations show that the government system reformations are carried out in five phases during past two decades:

The first bill in 1982

The second bill in 1983

The third bill in 1993

The fourth bill in 1997

The fifth bill in 1999

On the bases of documents, the first and the second ones were organized in order to perform the parliament passed acts on Islamic Republic Iran's administrative system plan. The third bill was established according to changes of management structure furthermore to the above reasons by employment organization in 1989.

It can be concluded that the performance of government in bill 1-3 is ignored so the authority and duty of performing organizations should be ordered on the basis of following process.

The main axis of mentioned bills is deletion of repeated and parallel roles and uniting homogeneous roles into a system and the role of administration while its sovereignty and authority are not mentioned. The law of human force modification in public organizations was planned in 1986.

The methods of above mentioned bills were focused on administration duties on the basis of activity topics of government and the nature of duties was less considered. The first economic, social and cultural development plan of Iran was passed according to facilities, resources and limitations in 1989 and continued till 1993.

Some of this reformation plan's aims in budget and finance are making logical public system and decreasing government expenses through transmitting present duties to the private sector.

The plan of imposing some changes in the structure of ministries and specially planning and budget organization structures were passed in 1993. The bases of mentioned reformations are making homogeneous duties and activities of organizations stronger and preventing any repeated and intermixing duties. Therefore the units of common activities were merged and in the cases which duties could be transmitted to other parts, the units were omitted.

The second plan of economic, social and cultural development of Iran was begun in 1995 and it was predicted to be finished in 1999. The main aims of this plan were: the reformation of observing, performing and judiciary structure, balance in cooperative economic sectors of public and private. The second plan's 7<sup>th</sup> clause determines 12 clauses whose 4 cases are related to the administrative structure reformation:

1. The administrative order and regulation and omitting parallel systems and imposing observation on the performance of public organizations, companies, banks and municipalities
2. The centralizing, administrative bureaucracy omission, utilizing the most simple performance methods and ceding affairs to the provinces
3. The reformation of administrative and organizational structures in order to give the affairs to private and cooperative sectors and strengthening the province centers
4. Gathering government duties in sovereignty actions in order to strengthen sovereignty activities and decrease of duties as much as possible

The public performance policies of government are defined as following:

1. Decreasing the density of public sector through omitting some structures, merging public ministries, institutions and companies and giving some actions to the private and cooperative sector through demanded regulations and law
2. Privatizing public and under public category companies
3. Giving some public services to municipalities

As the first action of the second plan and in order to reform administrative structural, organizational systems and methods and the management of human force the supreme administrative council composed of president, vice-president, the head of budget and planning organization, some of ministers, the head of employment organization, 2 members of parliament as observers and 3 administrative experts selected by a president are responsible for performing the second plan's policies in the context of administrative system reformation.

According to the results of the first and the second development plans it seemed that the government need one qualified and sufficient administrative system in order to develop plans, revise management affairs, administrative system problems, determining internal pro and cons and the international and internal opportunities and threats. Therefore, the administrative and employment organization gathered the first strategic evolutions plan through a wide study of administrative system conditions, problems, pro and cons. After merging planning and budget and employment organizations into management and planning organization in late of spring 2000, the administrative reformation movement (in the direct of aims and policies of "the 2<sup>nd</sup> step" at the time of presidency election in 2001 (Khatami's presidency)) changed into a form different from the previous ones.

The mentioned reformation movement changed into a lawful formed via gathering the third economic, social and cultural development plan. In most cases this plan is focused on government duties in order to perform reformation in administrative and management system. Its main duties are as following:

1. The decrease of governmental tenure and strength of government sovereignty and observation (articles 1, 2 and 64 of 3<sup>rd</sup> plan)
2. Providing people participation, private sector and cooperation in management (article 1, 2 and 64)
3. Downsizing of government in a logical way (article 1 and 64)



4. The decrease of the number of governmental personnel to 5% through gathering human force plan of public sector (article 3)
5. Revision on the internal structure of ministries, organizations, companies and their sub-categories in order to structure cohesion and omission of parallel, similar and repeated duties (article 1)

The council of ministers passed a comprehensive development plan of administrative system in 2000 on the basis of article 1 of 3<sup>rd</sup> economic, social and cultural plan of Iran in order to achieve political aims of "2<sup>nd</sup> step" of Khatami presidency.

- a. Making a logical size of government and its facilities in order to develop the activities of non-governmental sector through clarifying and separation of sovereignty and tenure affairs on the basis of article 64 of 3<sup>rd</sup> development plan
- b. Revolution in structure of government through investigation and identification of government problems, regulating public systems structure, investigation of performance offices and internal and international companies, representing suitable propositions in order to their resistance, omission, merge, etc.
- c. Revolution plan in management systems: investigation of council and decision-making assemblies' duties, organization and reformation of public structures, establishing evaluation systems on performing systems, encouraging qualified managers, etc.
- d. Revolution plan in employment systems through investigating and reforming employment regulations, occupation classification in order to match the studied fields to organization demands, strengthening experts, solving the problems of personnel income, etc.
- e. Education and improvement plan of public human force through reforming evaluation system of public personnel, increasing motivations, supplying officers' salary, etc.
- f. Reforming plan of processes, methods, official technology development through regulating wide reformation plan of all performing systems, gathering suitable software standards of representing public services to public sector, existing order and regulation plan, official space organization and preparation, etc.
- g. The improvement plan of respecting people in official system through their priority rights over system and officer profits, widespread plan for respecting customers, etc.

As reviewing the 1<sup>st</sup> -3<sup>rd</sup> development plan in Iran and the government's performance in official reformation; it can be concluded that the 3<sup>rd</sup> development plan is the first comprehensive plan of official reformation after Islamic revolution which has had significant achievements in some fields.

The significant streak of new public management in Iran is depended on government downsizing which is going to be explained in coming part.

## 7. Downsizing in Iran

A tendency of making public affairs existed in Iran after Islamic revolution victory which spread gradually. The lack of development in previous decades forced the government to take performing and comprehensive actions. Therefore, the number of performing systems increased up to 3 times as much the early revolution and the number of officers was 4 times as much.

Organization	The number of subcategory institutions and companies	The number of the 2 <sup>nd</sup> and 3 <sup>rd</sup> generations' companies
Leadership institution	18	1
State expediency council	5	
Islamic revolution institutions	440	412
Economic ministry	247	212
Education ministry	279	12
State ministry	1	
Intelligence ministry	1	
Commercial ministry	61	55
Health and medical ministry	177	110
Agriculture ministry	100	86
Cooperation ministry	3	1
Transportation ministry	29	8
Urbanization ministry	35	35
Power ministry	162	141
Oil ministry	113	103
Science and research ministry	164	
culture and Islamic guidance ministry	24	
Defense ministry	29	9
IT ministry	41	32
Social affair ministry	7	2
Industry ministry	344	313
Interior ministry	38	3
Judiciary ministry		
Presidency organization	31	17
Environmental protection organization	1	
Physical education organization	4	1
Atomic energy organization	6	
Cultural heritage and tourism organization	4	3
Management and planning organization	28	21
Islamic council parliament	4	
Judiciary branch	8	
Companies under municipality observation	9	9
The number of independent ministries and institutions	30	
Total number	2443	1574

Table 1. The number of ministries, institutes, public companies, public institutions and public companies of the 2<sup>nd</sup> and 3<sup>rd</sup> generations in 2004

The most important reasons of this action can be:

1. The lack of a clear definition of government role
2. High tendency of political and public managers toward service performing of government
3. The widening of social services because of population growth
4. Urbanism and service (quantity) development
5. Making public schools, hospitals, rehabilitation centers, etc. which were private
6. Changing private banks and insurances into public ones
7. Establishing new public institutions and organizations; the number of public ministries, institutions and companies was 345 in 1996 which is increased to 1130 (upto 4 times). Also, about 2000 companies have been established as second generation.
8. The number of organizational units shows a high digit in comparison to other countries. There are 15348 organizations and offices in national, provincial and urban levels. There are 20 ministries, 21 ministers and 17 performance units under the direct observation of president.
9. The increase of public personnel in comparison to private one is another index of government wide size. The public personnel ratio to the whole personnel was 19% in 1965 which has increased to 33.7% in 2001.
10. The conditions of employing as manager has been facilitated and the percentage of management post taking has increased upto 60%.
11. The wrong interpretation of constitution which leads to the increase of public tenure.
12. The culture of parliament responses and members in order to receive more resources and public tenures and starting new constructive projects in related geographical region by government.
13. The lack of reliance in qualification and efficiency of private sector

The complexity of these ideas and actions led to a tinge role of non-public in authority which became worse through the lack of competition. In most of the developed countries, the logical size of government and people participation in taking authority actions were the main part of official reformation plans. Therefore, the authority of government in sovereignty is limited but the main authorities in Iran and other developing countries are the roles and responsible of government because of inefficient management power of non-public sector. Some of downsizing policies such as privatization and granting public companies can be seen in the 1<sup>st</sup> and 2<sup>nd</sup> plans. The aims and policies of the 2<sup>nd</sup> plan are based on economic freedom and privatization. The basic shifts occurred in declared strategies but the public tenure and authorities were not followed. A cohesion planning is made in the 3<sup>rd</sup> plan whose main regulations are:

1. Granting performing systems to non-public sector
2. Merging public ministries and institutions (article 2 of the 3<sup>rd</sup> plan)
3. Limiting taking the public services (article 3)
4. Granting public companies management and shares to private and cooperative sectors (article 9)
5. The manner of granting public credits to various activities (article 64)
6. Gathering laws related to a part of public financial regulations and predicting a 4-year chance in order to perform it
7. The article 192 is related to the decrease of health and care ministry and article 152 emphasizes the activities of physical education organization

## 8. Government downsizing strategies in Iran

According to the 3<sup>rd</sup> plan and policies of political system, these strategies include:

1. Privatization strategy of public companies on the bases of:
  - Preventing new capitalization in public companies
  - Making logical privatization of companies in order to finish it till to the end of 5-year 4<sup>th</sup> plan
  - Preparing capitalization development context, omitting public monopolies, free and useful competition, supporting capitalism and creativity, reforming work regulation and laws and eliminating export obstacles
  - Controlling public systems' activities and granting some social, cultural, service and production tenures through:
    - Article 192 over decrease of health and cure ministry
    - Article 152 over decrease of physical education organization
    - Performing the laws of article 88 of regulating financial activities in order to buy services of non0public sector instead of government's service production and cooperation of non-public sector and granting management to this sector
    - Granting some of public system activities to municipals
    - Supporting non-public sector for developing cooperation in social, economic and cultural activities
2. Reengineering government structure via omitting or merging performance parallel, unnecessary or similar systems in order to reform processes, utilizing information technology and omitting extra organizational levels and posts
3. The number of officers should decrease upto 1.5% (2/3 of present number)

It was predicted that the annual GDP in performance plan regulation of mentioned policies will decrease 2% to reach 30% but, it could not be achieved. Also, it was expected these policies do not encounter quality and quantity of public services, the force decreases not to be imposed equally in all sectors, its tendency to be in the direct of economic and social activities and above policies not to lead to joblessness and to be achieved by controlling services and human forces.

The first strategy: Granting public companies: The privatization and share granting of public companies were considered for the first time in the 1<sup>st</sup> economic, social and cultural development plan and the demanded actions in order to identify the grantable companies were taken in 1990. This policy was followed during the 2<sup>nd</sup> plan too. The granting committee composed of a president, the head of central bank, economic and asset minister, the head of budget and plan organization (former) and the related organization and ministry boss started granting public companies. This committee decided to grant 538 and omission or merging of 48 companies but no affective action is taken for achieving this aims.

Some reasons of not achieving predicted results in the 1<sup>st</sup> and 2<sup>nd</sup> plans are:

1. The lack of management and observation organizations over granting plan
2. The lack of attention toward the expectations of public companies' buyers, focusing on its supply via identifying grantable companies, grant kind and pricing
3. Transmitting shares or activities from an organization to another public organization instead of transmitting it to a private organization

4. Unclearness or unsuitability of country's economic policies and lack of suitable context of privatization and granting to non-public sector
5. The lack of sufficient past information over grantable companies' activities which show the ability of company in the mentioned activities
6. Some problems of public regulation and orders

The granting of public companies' shares started in 2001 in the frame of the 3<sup>rd</sup> plan. Therefore, the gathering of demanded information over profitable and detrimental was possible via reforming public companies changeable budgets since 2002.

Some changes occurred along the 3<sup>rd</sup> development plan which is of 3 main reasons:

1. The position of public companies in share granting and privatization process which leads to the decrease of public companies especially profitable ones.
2. Reactivity of companies which were inactive during the performance years of plan and have not been omitted by the ministry.
3. The change of country divisions and forming new provinces which lead to new companies in these provinces.

These changes of public companies, banks and profit-making institutions which were 500 companies in 2000, reached 507 companies in 2001 through existing 43 companies. The composition of profitable and detrimental companies has been 97 and 410 respectively, which shows the increase of detrimental companies.

Company separation		2000	2001	2002	2003	2004
The 1 <sup>st</sup> and 2 <sup>nd</sup> generation	1 <sup>st</sup> generation	174	170	167	170	96
	2 <sup>nd</sup> generation	376	337	343	348	437
Benefit and loss	Benefit	457	410	401	408	414
	loss	93	97	104	110	119
Total number of companies		550	507	518	518	533

Table 2. The number of public companies along the 3<sup>rd</sup> development plan (2000-2004) on the basis of profit and loss with a separation of 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> etc. generations

The number of public companies increased to more than 510 companies in 2002. This process continued in 2003-2004 and reached 533 companies despite government policies for decreasing the number of companies.

On the basis of planning and management organization reports, the number of detrimental companies has increased from 110 to 11 in 2003-2004.

Granting year	The number of public companies for granting
2001	395
2002	126
2003	108
2004	7
total	636

Table 3. The number of companies for granting (2000-2004)



The second strategy: Controlling public systems activity development and granting some of social, cultural, service and production tenures: Furthermore article 88 of regulation laws, other regulation and orders are predicted for granting organizations and ministries activities in order to control their activities and financial tenures.

## 9. Health and medical education ministry

- a. Total number of health centers increased from 7089 in 2000 to 7633 in 2004. The ratio of public centers decreased from 80.05% to 77.78% and the private ones increased from 6.38% to 8.91% and the ratio of other centers was decreased from 13.57% to 13.31% [57].
- b. There were 112590 beds that public beds decreased from 69.78% to 69.67%.
- c. Total number of medical laboratories increase from 3701 units (2001) to 4126 units (2004). The public ratio decreased from 50.61% to 48.18%, private ratio increased from 36.61% to 38.88% and other groups increased about 12.49%.
- d. Total number of rehabilitation centers increased from 1679 units (2001) to 2125 units (2004). The public ratio was decreased from 13.40% to 12.47%, private ratio increased from 56.76% to 63.31% and other groups decreased from 29.84% to 25.22%.
- e. Total number of drugstores increased from 5918 units (2001) to 6380 units (2004). The public ratio decreased from 5.88% to 5.41% and private ratio increased from 90.57% to 91.27%.

Despite above mentioned affairs and policies related to non-development of public sector, 13 hospitals were added to public sector 2000-2004 [58].

## 10. Welfare organization

On the basis of state economic regulations, welfare organization is obliged to activate in taking care of the handicapped, rehabilitation centers and kindergartens. The results of performance related to this organization concord to the reports from management and planning organization:

- a. More activity of non-public sector in the framework of representing services to handicapped people in 2000. This index was 60% which increased to 75% in 2004 (an increase of 15%).
- b. The ratio of groups related to social welfare services in non-public sector was 30% in 2000 which increased to 71% in 2004 [57].

## 11. Physical education organization

On the basis of article 155 of the 3<sup>rd</sup> plan, 7 exercising place and 1200 granted units that equaled 20 million dollars in the form of incomes were added to public fund. The government had an economy of 5 million dollars in 2004.

Other performance is giving certification to 3257 gyms along the 3<sup>rd</sup> plan which is of predicated affairs in the context of representing demanded facilities in order to making the private sector more activate [57].

## 12. Education ministry

The number of non-public students is increased from 853000 in 2000 to 940000 in 2004 (a growth rate of 2.4%).



The non-public ratio in informal technical educations was increased from 38.3% in 2000 to 52% in 2004 (a growth rate of 8%) [57].

### **13. Job and social affair ministry**

The main affairs of this context were performed in 2 ways: decrease of public activities and more activity of non-public sector:

- Granting 50 educational and technical educational centers
- Issuing certificate 54 of internal private placement
- Issuing certificate 30 of international private placement [49]

### **14. Agricultural ministry**

Some affairs are carrying out following activities with participation of public sector in order to decrease ministerial tenures:

Protecting national resource, vaccinating, artificial insemination, observing livestock productions, education, distributing chemical fertilizers, irrigational performance, transplanting and their granting, compiling technical criteria of agriculture and livestock sector and granting exercise and health centers depended to ministry.

### **15. Transportation ministry**

Participating in non-public sector in representing services of keeping roads, supplying road safeties, road repairs and etc.

Also ministries of communication and IT, culture and Islamic guidance and defense have granted some parts of their activities to non-public sector [59].

The third strategy: Reengineering governmental structures through omitting or merging parallel, unnecessary or similar performing systems: The evolution of official system and lack of government structure development was done with emphasizing a logical downsizing of government size along the 2<sup>nd</sup> plan. The supreme official council of country as a policy maker organization took actions in order to reform these structures by passing demanded acts (omission, merging or granting internal or abroad organizations and officers). Some of these reformations since 2003 are:

- Merging agricultural ministry and agriculture ministry, industry ministry and mine and metal ministry and the merge of planning and budget organization to employment organization in 2002
- The merge of merchant company to developing merchant service organization and the mission of cereal and rural-urban cooperation organization in 2003
- The merging of all education centers of agriculture research organization, public management education center and the supreme institution of research and development planning, national documents and national library, the omission of Iran carpet company and transforming its duties to merchant ministry, the establishment of Iran trade development organization, the merge of good supply and distribution center, the center of export development and the office of abroad merchant, the omission of road safety

company and all the sub-companies of transportation ministry which are abroad and the division of finance and economy ministry and taxation organization in 2004.

- The necessary actions related to these affairs were taken in 2004 according to the acts of 2003. The most important of which are:

The assembling of all duties of the martyr, magnanimous and devotee in the office of Islamic revolution martyr affairs, 9 cases of omitting agriculture ministry's abroad offices, the merge of cultural heritage and tourism organizations into cultural heritage and tourism organization, the merge of scientific applied educational institution of Iran industries into mine and industries university, the merge of international law service offices of presidency, the merge of international center of civilization negotiation in foreign ministry, the merge of Islamic medical research center, the national center of medical science and technologies of health and medical educational research assistance, the merge of research centers depended on education ministry, the merge of education planning and innovations in education research and planning organization, the omission of agricultural machinery development company and a decrease in the number of abroad news agencies.

The fourth strategy: Decreasing the number of public offices up to 2/3 of present number (0.5% annually):

The mentioned strategy was taken into action by public organizations in order to decrease costs and optimizing human force composition. Therefore, the whole number of public officers should be decreased 0.5% till the end of the 3<sup>rd</sup> pln.

The statistics of Iran management and planning show that the number of public human force has increased about 3.26% along the first 2-year of the 3<sup>rd</sup> development plan however a decrease of 2% was predicted for the 3<sup>rd</sup> plan. Graph.1 represents a descending process related to the number of officers in contrast to 2002 which has decreased to 2.89% in 2003.

Investigations show that some ministries have decreased the number of their officers and some others have increased them along the 3<sup>rd</sup> plan. Some ministries and organizations such as merchant, power, urbanization, agriculture, Islamic culture and guidance, foreign, transportation, oil, cooperation, health cares and presidency ministries have decreased their officers number more than 4% along the 1<sup>st</sup> 4-year of plan. Other ministries have had increased the number of officers.

## 16. Conclusion

The political system of Iran is a unique kind of systems which should take native theoretical official reformations. New public management is one of the main strategies of official evolution. This strategy considers the separation of politic from office and replacing management sovereignty instead of office as its achievement demand. The serious approach of politic to offices has made the public management very problematic. This difficulty has caused much more failures of official reformations in Iran. Also this approach has affected the downsizing which is minor strategy of new public management. The second point is unclearness of official theory over country. Is the official theory especially for this system or is it a composition of capitalism and socialism? Therefore, there is always a kind of suspicion toward the increase or decrease of government role in society. This action has caused a less affective official system movement over downsizing of governments' changes.

The government increases the budget of public companies coinciding with downsizing and the other government does the downsizing just in order to representing an achievement political symbol of its government. Various analyses show a complex of conclusions i.e. in some cases the downsizing plan is performed on the basis of regulations and in some others, the public officers has decreased and much more officers have been employed. It seems that the clearness of economy theory can affect the official reformations of country. Also the public management professionalization can show the downsizing necessary or unnecessary.

The downsizing decision is taken through decrease of public costs and establishing strong and productive government in Iran. The performance of Islamic Republic of Iran can be taken into consideration in the form 4 strategies. Firstly, the number of public detrimental companies is increasing despite granting some of companies and the continuous of 8 processes. Some reasons of the failure of government in granting public companies can be: transferring public companies' shares or activities from a public company to another public one instead of a private or non-governmental company, the lack of suitable context for privatization and granting to non-public sector, the contradiction of granting conditions of public companies in the 3<sup>rd</sup> plan in contrast to public policies over the decrease of public tenures, policies and methods. Secondly, the granting of public services and activities in the form of article 192 of health affairs, article 152 of physical education decrease and article 88 of regulating public financial laws have predicted following activities and services in some ministries and organizations: the education ministry, transportation ministry, agriculture ministry, social affairs and job ministry, health ministry, post ministry, urbanization ministry, welfare organizations, tourism, technical education, document establishment and physical education.

The investigation of government performance shows that activities granting has not been performed in some ministries and organizations of health, social affairs, transportation, agriculture, education, physical education and welfare. Some of this action's reasons can be: the lack of managers' tendencies in granting activities in order to power resistance, disharmony of policies and decisions of legislative and executive branch over granting activities and the lack of powerful non-governmental sector. There needs to have affective non-governmental sectors' activities in order to strengthen government sovereignty and decrease of public actions.

Thirdly, the 3<sup>rd</sup> plan has increasingly emphasized the composition of government structure and decrease of human force which has caused the merge, omission or gathering of ministries and their internal or abroad offices. These affairs have only decreased the number of ministries and their offices and have not affected the costs or productivity of government. The ascending number of employing human forces is in continuous and the aim of balancing 5% of this force has not been achieved.

It can be concluded that the main part of public resources is consuming in personnel cost sector (the size of government, public costs and the number of public personnel). Therefore, the role of government should be investigated, public costs should be controlled seriously, and some activities of low productivity and high energy consuming should be identified and revised. In that case the government can represent optimized services in the coming years.

The government should be able to resist its power and capacity along downsizing. The downsizing should be performed without any significant harm in welfare affairs. This

should be taken into action on the basis of exact investigations over public organizations' capacity (human force and other resources).

Another challenge of downsizing is lack of sufficient information over human force productivity in public sector. The problem of brain drain causes significant disorders in this sector and demands productive human force employment in the service representation.

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