

# A Comparison between Financing Methods of Top Universities in Iran and the Globe

Mahla Sarmadi<sup>1</sup>

Faculty of Management and Economics, University of Sistan and Baluchestan,  
Zahedan, Iran

Mohammad Esmaeil Ezazi

Faculty of Management and Economics, University of Sistan and Baluchestan,  
Zahedan, Iran

Habibullah Salarzahi

Faculty of Management and Economics, University of Sistan and Baluchestan,  
Zahedan, Iran

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## Abstract

The fundamental determinant of developed societies in the present evolving world is how knowledge, education, research, as well as efficient workforce status are acquired. In this regard, the dominant and advantageous contribution of all natural, economic, and strategic resources and factors is substituted by the extent of benefiting from sciences. Higher education is the highest and last step of educational system in any country, always closely linked to communities' development. Higher education financing, which must go along with developing higher education industry and economic development, is what that significantly influences developing higher education system. The important issue for financing higher education is to apply proper methods of financing universities. Hence, the present research collected the information of identifying financing methods of top universities in Iran and around the world using library research method. And finally, the methods are analyzed and compared using descriptive statistics.

**Keywords:** University financing, university budget, university funding, costs and expenses.

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<sup>1</sup> Corresponding author's email: [mahlasarmadi@yahoo.com](mailto:mahlasarmadi@yahoo.com)

## Introduction

Training and education is of social phenomenon requiring unconditional cooperation of the community. Every human being as a community body deserves benefiting proper education respecting to individual and social requirements of the society. Certainly, how to enjoy knowledge, education, research, and efficient workforce is the fundamental determinant of developed societies in the present evolving world (Fatemi and Foluadiyan, 2009). Since higher education is considered the highest and last educational system stage in any country and as it has been always linked to developed societies, it largely contributes in development through training required skilled workforce, knowledge promotion and enhancement, research encouragement, as well as providing proper opportunities (Madhoushi and Niyazi, 2010). Therefore, higher education financing system significantly influences developing higher educational system, which must be consistent with developing higher education industry and national economic development (Entezari et al, 2013). The quality and accessibility of higher education largely relies on how it is financed; further, higher education funding trend reflects the typical society (ESIB, 2005). Today, higher education is costly; however, it is now simulating, more than at any times, economic growth. In addition, it also significantly contributes in meeting low-income population dreams and involving them in social and economic opportunities as governments do really consider facing these ideals in developing political goals and strengthening social ties. That is why higher education requires hard trying and investment on student education; on the other hand, it encounters lack of funding (Zvmta, 2001). If government resources fail to go along with expenditures of increased demands of education and other expenses, universities may seriously compete over state funds (McQueen, 1999). Lack of financial resources is an international issue for universities in both developed and developing countries. The problem began following World War II, when social demand of entering universities increased and universities failed to boost educational funds as much as the increased demand of university entrance. However, the problem intensified in the past two decades and certainly Islamic Republic of Iran is not excluded. In fact, the increasing demand for university in Iran led to various difficulties including inability to recruit faculty members, decreased research funding, limitation on sabbatical leaves, heterogeneity of allocated budgets with inflation rate, as well as many other factors that universities are undergoing; of course, all these difficulties stem from university financial disabilities. As the new situation caused some financing problems for universities, several studies were carried out to study how to finance and find funding solutions. Therefore, it is necessary to compare financing methods of top universities in Iran with the world's top universities to determine that whether there are any financing differences seen between Iran and world's top universities.

## Research literature

### *The role of university*

Higher education plays two major roles in the social- economic life of the present world: firstly, part of community facilities is directly allocated to higher education as an "industry"; and secondly, higher education plays the key role in a society future development (in terms of political, social, and economic). Hence, considering extended

economic globalization as well as the necessity of improving efficiency and effectiveness in higher education, states are majorly committed to meet “research and educational” requirements. In this regard, financing higher education not only provides the needed energy to higher education work, but also it mainly directs higher education (Naderi, 2015). According to studies around the world, there are several roles defined for higher education such as knowledge creation and dissemination, development of high-level training, communication skills among youth like challenging the current situation, and the potential of developing superior values, etc. (Chan and Broun, 2014).

### *Definition of university financing*

Higher education financing refers to a set of procedures to obtain the resources needed by universities in order to maintain the performance and to fulfill the tasks. Indeed, financing strategies are not only for resource allocation, but also they are monitoring system and mutual communication between the fund supplier and user (Karak, 2009).

### University financing in Iran

Funding cost annually burden on state and public is of the reasons that why universities’ financing is critical in Iran. According to budget rules, it is figured out that university annual budget growth is larger than public funds, continuing of which may result in difficulty. It may also go contrary such that if a problem occurs in state funds allocation; then, the universities firstly and highly suffer. In general, the more diverse financing, universities are less prone to economic conditions. As funding universities depends on oil revenues, any problem in oil sale may seriously hurt financing universities (Qaroon, 2013). Therefore, universities require sustained financing methods to survive following state changes, and even wars, and sever economic declines. In other word, universities must seek for flexible financing model (Entezari, 2013).

### Higher education financing around the world

In 19<sup>th</sup> century, due to limited higher education activities in nations, public investment on higher education was not problematic. So, until the early 20<sup>th</sup> century, discussions on this issue were scarcely raised. Public investment issues were seriously regarded following World War II because of extended demand and supply of higher education in western European and northern American countries; it, then, led to experimental studies (Naderi, 2009). And then, in late 20<sup>th</sup> and early 21<sup>st</sup> centuries, the necessity to develop participation in higher education and public investment on higher education was intensified due to emerging knowledge global economy and developing the notions such as learning economy, learning community, public education, learning for all, and lifelong learning. Therefore, research on how subsidies higher education is highly interested (Selmi and Hapten, 2006). On the other side, higher education is now easily accessed by public, especially in recent years, as the number of higher education increased over countries. The significant development is to increase private financing at universities. In the last two decades, private sector has transmitted some growth signals of higher education financing in both developed and developing countries. Further, some evolutions were also seen at universities’ financing system (Johnson, 2005).

### *Universities' financing system*

Financing system is the most fundamental university management system. University financing system is in turn influenced by internal and external systems. Any little changes inside or outside university may effect university financing system effectiveness and efficiency (Mashayekhi et al, 2014). In addition, studies of Organization for Economic Corporation and Development (OECD, 2007) conducted on a subset of member states show that higher education financing system significantly influences higher education industry; and consequently, it leads to economic and social development. However, all higher education financing systems may not be consistent with developing higher education and economic development. Some financing systems stimulate development; while, others are development deterrents. Thus, today, nations try to re-create higher education financing systems such that development objectives are more and better realized (Janson and Marcous, 2010). On the other hand, universities and institutions of higher education are treated as economic drive and immunization against negative effects of globalization. Higher education influences on all aspects of national development (Naderi, 2004).

#### Characteristics of a desired financing system

An ideal financing system is characterized as follows:

1. Non-reliance on a given particular revenue source
2. Non-reliance on unstable revenue sources
3. Funding from domestic sources
4. Optimal allocation of resources to activities

Universities require specific factors for ideal financing. Financing system ideal factors are characterized as follows:

- Adaptability to university strategic plan and objectives
- Accountability at lower levels (at deputy, unit, group, and individual level)
- Continuous and annual scalability
- Dynamic and reviewable ideal benchmarking for floating targeting (Feyzi and Beyranvand, 2015).

#### **Research background**

Entezari and Qaroon (2015), focused on why governments pay subsidies to universities, investigated higher financing in Iran in a paper entitled “state rationality and performance in financing higher education in Iran”. Research results indicated that Iran state not only fails to properly finance higher education, but also, in recent decade, higher education

state financing, significantly and frequently reduced comparing private financing and other countries.

Nouroozi et al (2015) carried out a study on grant financing of universities such that universities are enabled to overcome instabilities of change or decreased state financial resources through relying on donation funds; however, efficient use of resources depends on identifying the requirements and possible dysfunctions, which may be unnoticed despite obviousness. According to survey data analysis, they finally concluded that grant aids take requirements and dysfunctions in three states of public or state, private or enterprise, and non-governmental organizations or cooperatives.

Regarding that theoretical analyses and experimental evidences reveal that higher education current financing system and state subsidizing mechanism in Iran are not desired, Entezari and Mahjoob (2013) conducted a study to examine and find the desired mechanism of Islamic republic of Iran financing system. The results demonstrate that the best fund allocation mechanism in the world is income contingent loans within higher education service market.

As current model of public universities' financing only financially secure few academic activities and regarding lack of adequate incentive for qualitative and quantitative development and improved economic efficiency, Entezari (2011) presented a model within operational funding system that not only considers all outputs of a comprehensive university, but also deals with economic efficiency and progress motivation. The model follows output targets-based financing approach using dynamic data analysis.

Roshan (2009), in a research entitled "approaches to financing public universities", proposed several strategies to increase financial independence and dedicated earnings for universities such as delegating the board authority to university presidents, encouraging higher-income universities, holding higher education economic workshops, as well as optimal budget allocation to university presidents, and etc.

Learning context, in particular higher education, underwent changes over time and the last 40 years. The condition requires the new position is perceived. Therefore, Barigeir (2016) carried out a study on fund changing in state higher education. It focused on identifying existing conditions of higher education in the United States. Research findings show that governmental funds tend to different incomes, tuitions, and relative stability in cost pattern; hence, upcoming condition may require change in revenue and funding diversification.

Siti and Asmak (2015), focused on finding the answer that whether financing universities may be possible through endowment, conducted a research. Analysis results deduced that to use endowment as an academic funding method, endowment-based funding is better than using required basics.

Erins and Erina (2014) assessed higher education financing system and improvements. Research results demonstrated that to improve higher education financing, it must be consistent with increased productivity and effectiveness of higher education institutions.

Zamthenic and Vistopowa (2014), concentrated on Czech Republic public universities' financing methods, analyzed full cost method in Czech Republic public universities as a new financial management tool based on changes in universities' public funds.

Erina and Erins (2014) analyzing higher education financing models and characteristics in Asia and Eastern Europe discovered some differences in the volume of financial support, tuition, and credit systems. Shared functions were also observed despite direct and indirect financing differences. Finally, they concluded that higher education institutions, in the aforementioned countries, must purposefully improve.

## **Research objectives**

### *Research main objective*

The main purpose of the present research is to compare financing methods of top universities in Iran and around the world.

### *Secondary objectives*

- To identify financing methods of top universities around the world;
- To identify financing methods of top universities in Iran

## **Research methodology**

The present research is classified as applied study in term of purpose as research findings are used to solve organization existing problems. The research applied library research method. Research sample included the world and Iran top universities. Samples were selected through classified sampling method. Of the world top universities, reputable according to various ranking (in particular, QS ranking regarding academic credit, student to faculty ratio, employer reputation, university publication per faculty member ratio, international faculty to international student ratio), universities of Harvard, Stanford, MIT, Cambridge University, University of Toronto, and Australian National University; and among Iran top universities, according to Islamic Science Citation Database ranking, University of Tehran, as the first national comprehensive university, and Sharif University of Technology were selected. The methods were analyzed and compared using descriptive statistics.

## **Data analysis**

### *General policies of Islamic Republic of Iran university funding*

According to Article 12 of financial and trade regulations of universities and institutions approved by Ministry of Sciences (2011), legal financing methods in Iran universities are categorized into five classes:

- Public budget



- Private income (Instruction Appendix 1)
- Gifts and donations (instruction of Appendix 2, approved by supreme council of cultural revolution, 1988; and act of Parliament in 1989)
- Endowments
- Other sources of funding

## University of Tehran

### Major financing

#### State budget

Universities, in Iran, are directly or indirectly supported by approved budget and financial supports in the form of student loans, respectively. The university was funded 6,391,453 and 7,180,218 in 2015 and 2016, respectively.

#### Income from students

It includes tuitions of 2<sup>nd</sup> semester and paradise fixed and variable fees. It is the major income source with funding over 80%. The other part is funded by dormitories and dining room (Abedini, 2014).

#### Research

This income reveals the relationship between science production at university and market demand. Science production, expanding knowledge boundaries in the global arena, and improving position of Tehran University among world reputed universities may lead to commercialization infrastructures and making revenue of the conducted studies (official website of University of Tehran, 2016).

#### University services (university publication)

It annually publishes various books on social sciences, humanities, basic sciences, medical sciences, general, technical and engineering, agriculture, art and architecture (official website of University of Tehran, 2016).

#### Industry relation

University earns through contracts with industry and governmental agencies, vice president scientific and technological supports, and funding of national macro plans (Fund performance report, 2016).

#### University charity fund

Tehran University stock investment in form of Tehran university charity fund is focused on fundraising from philanthropist, establishing an asset basket for gain management; and then, spend all or part of the gain on charity (Fund performance report, 2016).

## Sharif University

### Major funding of Sharif University of Technology

#### Budget and state funds

It is directly and indirectly used by universities through public funds at current credits (80%) and civil credits (20%). University public fund was 2,013,496 and 2,435,551 in 2015 and 2016, respectively.

#### Industrial revenue

Some measures are adopted including strategic cooperation with industrial organizations per contract and cases, as well as establishing joint industrial institutes with proper working relation organizations, supporting of industrial and technological service centers, as well as working groups of industry relation focused on identities of service deliverers, and improve the quality of services, etc. (Performance reporting of Sharif University of Technology, 2014).

#### Sharif research and technology fund

It was founded by university progression center providing different financial and credit services.

Charity fund. It aids low-income and poor students by loans, student work, and like.

University services (publication . . .). Sharif University of Technology Institute of Scientific Publication seeks for promoting national unity and native language to identify trainees' national and cultural identity by translating scientific books into Persian.

Students. In particular, tuitions, food, and education mainly paid by students.

Donors and industrial organizations. Awards, scholarships, financial aids

University research and technologies. Students and faculty patents

University development center. To sell the products and to create job opportunities

University investment. Investment on financial and capital markets to improve university resources (four-year operational report of Sharif University of Technology, 2014).



## *Comparative studying of world top universities' financing policies*

### University of Harvard

#### Major financing of University of Harvard

Federal financial support. Declining ongoing capacity of U.S. reconstruction and financing caused investment underwent reduced funding of federal supporters, in particular, National Institute of Health regarded as the largest university federal fund. A reduction of 5% of university funding was seen in recent years; hence, it requires more subtle awareness and discipline on university funding (Annual Report of Harvard University, 2015).

Research. World financial crisis was followed by higher education revenue pressures; then, university must find alternative funding. In this regard, it concentrated and invested on research sector. In a better word, the university is generating more revenue than the average by the aid of research income and intellectual capitals (Annual Report of Harvard University, 2015).

Endowments. University of Harvard, Cambridge, and Oxford are the first universities enjoyed endowments as financing source. Harvard finance centers on this sector and the revenues are applied for several functions (Annual Report of Harvard University, 2015).

Gifts. Gifts for current consumption are flexible funding like endowment; it approximately supplies 10% of university total funding.

Students (Tuition). This revenue is the largest flexible and growing source (Annual Report of Harvard University, 2015).

Rent. According to financial reporting, it raised 17% in 2015 comparing the prior year.

Investment. The university invests on affiliated companies. In the past few years, the university raised the liquidity; maintained low-risk investment out of investment general account to improve liquidity and financial flexibility and continued up to 2015 (Annual Report of Harvard University, 2015).

### University of Stanford

#### Major financing (Annual report of University of Stanford, 2015-2016)

Public funds. These funds significantly contribute in total budget, as they cover many costs such as building maintenance cost hardly funded.

Gifts. Used as endowments and investment plans at university.

University investments. It contains revenues of endowment assets, EFP, and other investment incomes.

Health services. It embraces hospital payments for school medical services.

Students. It results from a collection of tuition, dormitory rent, and food cost.

Research. It contains total revenues of academic research financial supporter and SLAC.

Housing. In recent years, Stanford University benefited strong housing assistance programs and largely invested in housing master students as poor local economic condition made house renting difficult for crew, staff, and university students.

### Massachusetts Institute of Technology (MIT)

MIT Major financing methods

Gifts and services delivered by university.

Federal budget. The university receives federal funding from federal agencies.

University investment. The major investment is obtained by endowments. Endowment assets are the largest component of total investment and the university indirectly receives the return.

Student. Income by food, dormitory, and tuition, mostly university campus fees.

Research. The largest funding part is attributed to research sector, which is classified in to 3 following categories: Joint research of University of Singapore and MIT (1%), university laboratory research (26%), and university research study group (20%).

### Cambridge University

Cambridge major financing methods

Total revenues of Cambridge University raised in 2015-2016 such that it earned 962.4 million \$ in 2014; while, it increased to 1.064 million \$ by 2015 (Annual Report of Cambridge University, 2015). According to university annual report (2015), the university is funded as follows:

State budget. The state funds distance learning through higher education funding council; provides research grant in terms of research quality and level; and allocates the necessary budget to construction and reconstruction. Due to high education cost in England, the government tries to meet educational costs by financial aids and different supports depending on financial status of the applicant.

Research. The revenues come from knowledge progress, commercialization, and intellectual ownership (Annual Report of Cambridge University, 2015).

University investments. Cambridge University invests through endowment funds (university main investments), charity funds, money market (a significant university

investment supplying university current assets), and other investment assets like investment in securities and stocks (Annual Report of Cambridge University, 2015).

University services (publication). These earnings attained by services delivered to outside customers from places like publication to promote learning, knowledge, and research throughout the world (Annual Report of Cambridge University, 2015).

## National University of Australia

### Financing National University of Australia

State subsidies. There are several public funds in Australia for Education and higher education. For public universities, state agreed annual financial system, or in a better word, higher education financing and state contribution, changed since 1970 (Annual Report National University of Australian, 2015). Australia University policy statement (2016) argues that education and research sectors may necessarily require adequate, sustained, and predictable sources to be enabled to meet knowledge, community, and state expectations. Research deduced that long-term state support may lead to benefits for universities (Annual Report National University of Australian, 2015).

Financial supporters. Financial supports financially help students in meeting the requirements.

Endowment. University of Australia benefits endowment as funding, financing management, granted gifts, alumni donations, and university staffs. However, the university must follow endowment constitution; further, the funds are also used for target (Budget Plan Report, National University of Australia, 2015).

Students. University total income of education and learning sector, and fees increased compared to the past (Annual Report of National University of Australia, 2015).

## University of Toronto

### Financing University of Toronto

Over the last decade, University of Toronto enjoyed research and higher education through state and federal investment. Growing higher education may demand proper financing infrastructures, as public fund underwent pressures; hence, the need to find new ways of financing was felt (Annual Report of University of Toronto, 2016). Regarding this need and according to the university annual financial report (2016), major financing like state subsidies, funding for particular purposes, tuition, investment income, consumption financial aids, sale, service delivery, and university balance (2016) show that total income of the university intensified in the past few years.

## **Analysis and comparison of financing approaches of research sample universities**

### *State support approach*

In past, states and universities played the main financial roles; while, today, three components of state, university, and market are regarded as main components. In other word, market structure is a new significant element of higher education issues. While, higher education institutes, recently, are more authorized on financial allocation and using market approaches for non-governmental returns (Qolizade and Kohanrooz, 2015). Research sample universities enjoy these supports in several ways. In fact, making decision on funding amount, in all countries and periods, depends on state budget position; moreover, any nation follows a particular economic, social, political, and historical funding logic (Tilk, 2011).

Research findings in the U.S. show that colleges fail to achieve the expected objectives and lose public trust without a new clear and anticipated budget. Thus, privatization and generating new revenue instead of public funding may cause more transparency, accountability and public trust in financing public colleges; in addition, it provides alternative funding for public universities and colleges (Greer and Klien, 2010).

In European countries, the issue of financial autonomy of universities and reduced government interferences is suggested, as, in the current evolving world, universities may not be adequately satisfied by governmental supports. Thus, the need to reform financing universities was felt and was finally approved in 2011 that the state only supports some part of education cost (Manta et al, 2015).

University of Cambridge is studied as one of European premier universities around the world. A small portion of education, research, and financial budget of the university, approved by higher education budget council, is supplied through study loan, scholarship, awards, as well as student job opportunities (Annual Report of the University of Cambridge, 2015).

Of Canadian universities, the leading University of Toronto was examined in this research. Funding data of the university financial reporting (2016) reveal that less than half of university funding is by public and state funds; increased rate of higher education enrollment burden pressures on state public fund; hence, university state funding decreased in recent years.

National University of Australia, University of Tehran, and Sharif University of Technology apply public funds rather than private; they are largely financed by state and public funding. According to financial reports of National University of Australia (2016), this country funds university through participating in public fund and financial supporting of the students. Studies demonstrated that state supports are necessarily required as they lead to long-term returns.

Clearly, increased number of universities and student population, in many countries, recently disabled the states of funding universities; universities are encountering fundamental challenges in objective achievements; then, they have to try different funding methods (Rafiei et al, 2016).

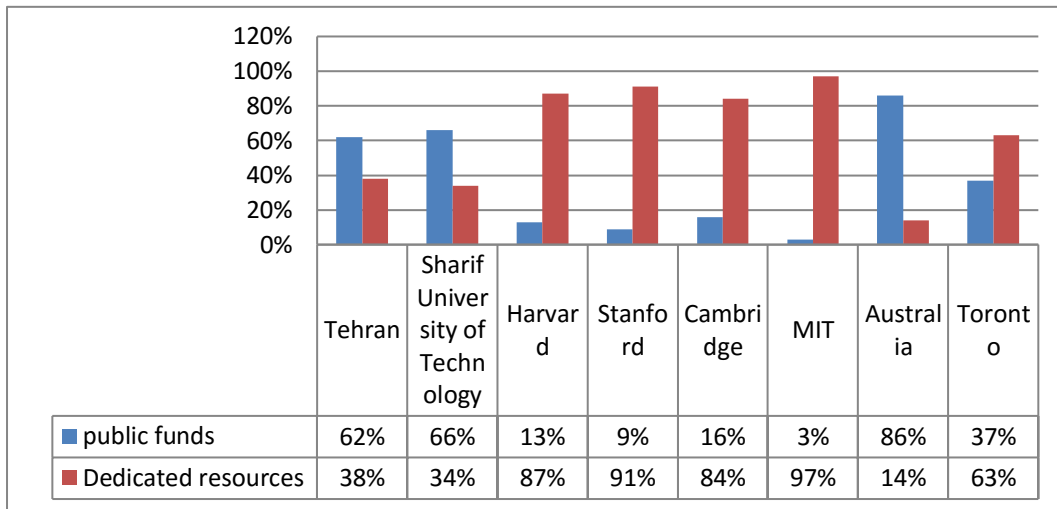


Figure 1: Comparison of public funds and dedicated resources of research sample universities (Financial reporting of research sample)

### Tuition

Universities differently benefit tuitions depending on funding policies of universities and governments, as well as social and cultural contexts. In most cases, tuitions are increased if state funds are decreased and fewer budgets are dedicated (Baun and Ma, 2009).

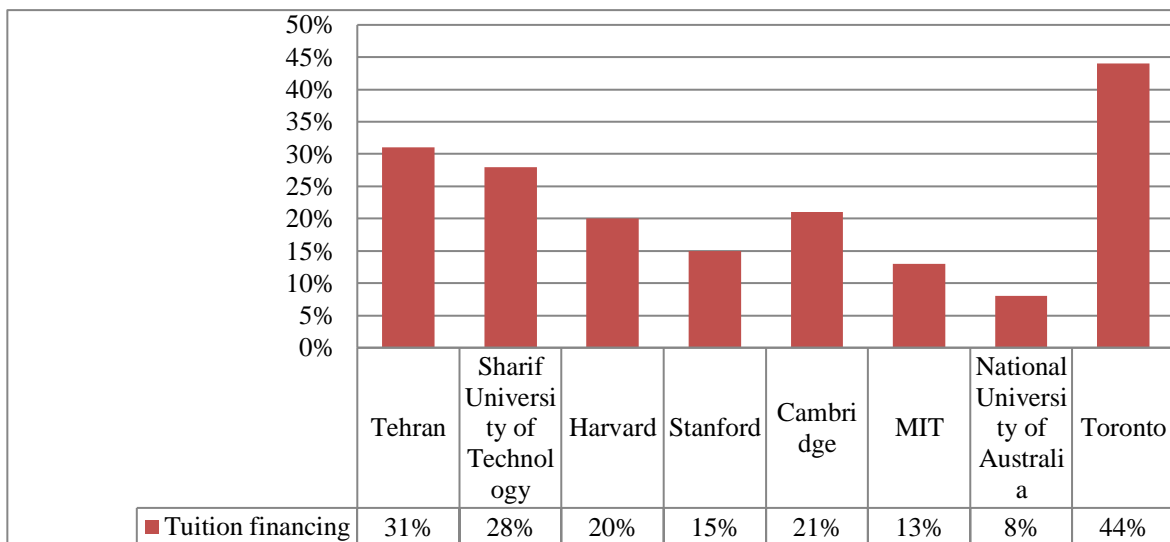


Figure 2: Tuition fundings of sample universities (Credit: Financial reporting of research sample)

### *Endowment and investment*

Like Stanford University, Cambridge University also presented its annual financial performance in 2016 financial report, stating that it invested on endowment and charity funds. MIT also invested on endowment assets, which are university largest investment entity. University of Toronto also takes the benefits of endowments for investment to reduce state public fund pressures and to fund university.

Large portion of investments, at Stanford, are achieved through endowment assets. Moreover, it also uses charity amounts, charity funds, and endowed gifts providing proper financial condition (Financial reports of Stanford University, 2016).

According to annual performance report of University of Harvard (2015), it is majorly funded by endowment. In addition, investment is conducted through investing in university affiliations.

Of Iranian universities, University of Tehran collects charity capitals through charity investment fund, and supplies interests of university through stock investing; the return is annually increasing (Charity fund of University of Tehran, 2016).

Moreover, according to Sharif University of Technology performance report (2014), investments are conducted through charity funds helping to low-income, poor students in form of loans and student job opportunities. Respecting Sharif University of Technology investments, it is worth notifying that it recently invested in financial and capital markets.

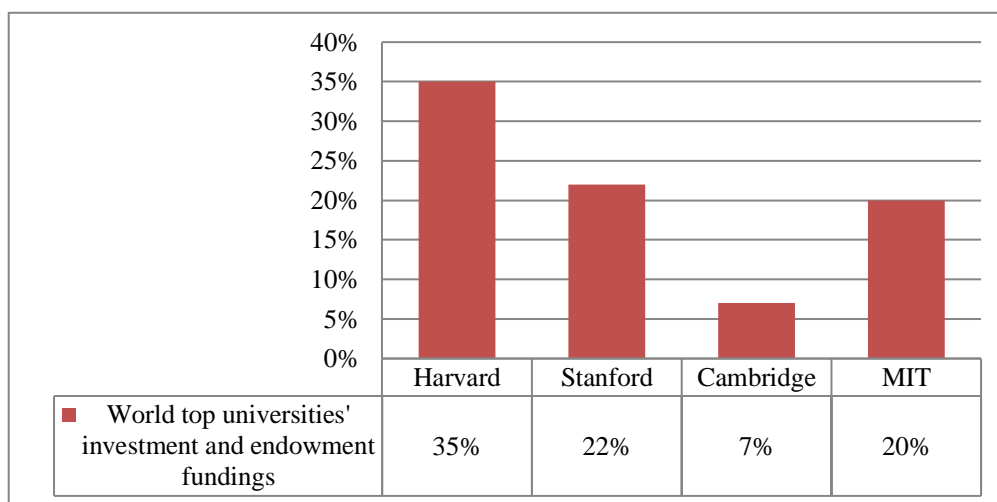


Figure 3: World top universities investment and endowment funding (Credit: Financial reporting of research sample)

### *Scholarships and contracts (research)*

In recent years, higher education revenue pressures in the U.S. (Harvard, Stanford, and MIT) generally led to some approaches being interested including academic researches. According to annual performance report of University of Harvard (2015), this sector



increasingly effected Harvard high income; further, the highest income level at Stanford, Cambridge, and MIT obtained from this sector and it is critically significant for university. In particular, MIT recently made many efforts to increase research income level so that not only produce higher revenue, but also to focus on its mission of science production and innovation.

There are two parallel systems supporting research activities in England, the former is referred as higher education financial resource council financing infrastructure costs of higher education; and the latter, research council that financially supports research plans and educational innovations. Business sector, highly interested in England, rapidly turned into the largest exclusive supporter. It is largely interested in developed computer engineering, medicine, agriculture, chemistry, and biotechnology; moreover, costly, relatively rare, and complex technical knowledge extended programs are prepared (Manta et al, 2015). Cambridge performance report (2015) indicated that the university attained significant revenues using developed knowledge, commercialization, and intellectual ownership. MIT gains substantial income through laboratory, experimental, and research activities.

Research sector, in Iran, also operates focusing on science production and development, and science commercialization and generalization. Public fund is of fundamental research funding method in Iran. Research public funding of 13 billion in 1978 raised up to 1237.5 billion in 1998 by the average annual growth of 57.6%. Thus, merely relying on public funding may demolish any research dynamism. Therefore, it is necessary to consider new funding approaches including research contracts, research revenues, and commercialization, tax breaks, measures to attract charity grants and aids. Furthermore, universities and research centers may achieve revenues through research projects, research contracts, publication, research and educational workshops, seminars, and the like. Exploring research income evolution in Iran may reveal this part of research funding (Rafiei et al, 2016).

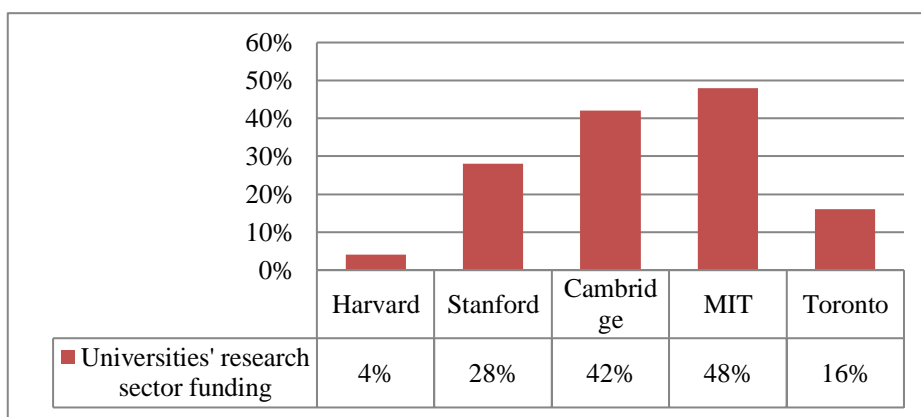
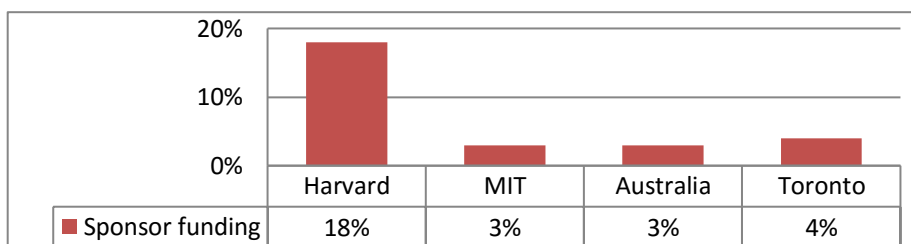


Figure 4: Universities' research sector funding (Credit: Financial reporting of research sample)

## Sponsors

These revenues result from making contracts to sponsors in order to promote a particular issue or to assign a specific educational title to a large part of academic activities (Goksu and Goksu, 2015). Of understudied universities, some earns like that. According to Harvard annual financial reporting (2015), sponsor funding is placed the third following endowment and student revenues, indicating its significance to the university. While, sponsor funding is only a small portion of financing National University of Australia, University of Toronto, and MIT. In addition, it is necessary to mention that sponsor funding is practically rarely used in understudied universities such as Cambridge, Tokyo, and National University of Singapore, University of Tehran, and Sharif University of Technology.



**Figure 5: Sponsor funding of understudied universities (Credit: Financial reporting of research sample)**

## Services

In a survey of university preidents, it was posed that how universities may succeed in revenues by successful service deleivery? Although, some presidents experined achievement, they were also concreded for lack of freely pricing and negligible revenue of these courses. It was also stated that as short-term courses are not officially certified; thus, fewer applicants may register for courses (Roshan, 2013).

Respecting this method in understudied universities, it is worth to mention that Universities of Harvard, Cambridge, Australia, MIT, Tehran, and Sharif are funded by publishing books of several domains. Stanford is providing health services and has been growing at a rate of 10 over the last ten years; it is placed the third. Similarly, Tokyo University also offers proper health services at university hospital; it is the second funding approach following public fund. To put it another way, it is the primary university dedicated source. In addition, Toronto budget report (2016) also indicates the significance of this sector to university funding, as it is the university third income source.

## Conclusion

This study identified various funding for universities; next, it compared financing methods of top universities in Iran and around the world. According to research findings, there are limited funding methods in Iran. Indeed, majority of universities are publically funded, which may endanger universities' development at current economic conditions. Public fund-oriented universities may be more susceptible than the universities financed

by different funding methods in case of any financing difficulties. However, research data showed that world top universities are orienting toward decreased state budgets and are funding through approaches such as investments, endowments, public support, gifts, rents, and etc. hence, they are less vulnerable at various economic conditions. However, diversity of financial resources through developing dedicated revenues of research and educational activities and investment may not necessarily mean disregarding university public funds; rather, despite the advantages of private income, local states and national aids (grants) still significantly contribute university financing around the world, particularly in economically developing nations.

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