





Presenting an Optimal Model for Effective Implementation of Policy Principle 44 in Iran's Banking Industry

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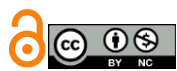
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ABSTRACT

Objective: In the realm of economic policies, the banking system is a significant tool for implementing government economic policies. This research aimed to present an optimal model for the effective implementation of Policy Principle 44 in Iran's banking industry.

Methodology: This qualitative study utilized thematic analysis. The statistical population included 18 academic experts and senior privatization specialists selected through purposive sampling. The research tool was semi-structured interviews, validated through face validity and reliability confirmed with an inter-coder agreement coefficient of 0.86.

Findings: Results indicated three main dimensions: management system implementation, electronic government, and contextual factors. The nine key components were planning and resource mobilization, transfer process, management and execution network, monitoring and evaluation, private sector management, technological infrastructure, provision of new services, laws and regulations, and institutional-structural infrastructure as elements of the effective implementation model of Principle 44 in Iran's banking industry.

Conclusion: The optimal model for the effective implementation of Policy Principle 44 in Iran's banking industry requires various factors and elements. Attention to these factors is crucial for the progress of Iran's banking system.

Keywords: *Effective Policy Implementation, Policy Principle 44, Privatization, Banking Industry.*

1 Introduction

Policies can be categorized into governmental, commercial, and personal categories based on their subject matter. Policies are omnipresent. In their primary sense, policies refer to the political measures of governments and institutions that formulate macro policies such as the

legislature and judiciary. A policy is an organizational proposal for addressing significant issues while considering a specific concept (Agu et al., 2024; Edmond, 2024). Public policy refers to decisions and policies adopted by various public sector authorities such as the legislature, government, and judiciary, which represent the preservation of public interests (Edmond, 2024). Public policy is a set of actions

that governments execute to change their economic and social conditions. Public policies are principles established by competent authorities in a country and serve as a model and guide for leading necessary actions in society. In other words, public policy is the general pattern of government activities in a specific area with a defined goal and purpose. The primary function of a policy is to articulate the social action that governments must adopt and pursue. Policies can be developed and implemented both privately and publicly (Ballou et al., 2018).

The implementation phase is one of the most crucial and challenging stages of the policy-making process (Al-Ajmi, 2008). This phase is the starting point for achieving goals, followed by the evaluation stage, which assesses the attainment of these goals. The evaluations reveal the success or failure of the implemented policies. In various governance systems, policy implementation is the main battleground for political conflict, requiring careful consideration to achieve policy goals and prevent deviation (Edmond, 2024). Public policy implementation is considered the cornerstone of public administration. Numerous definitions have been provided, but in general, it means the execution of laws where different actors, organizations, procedures, and methods intertwine to achieve the positive outcomes of a proposed program or policy (Banerjee & John, 2024; Taghvaei et al., 2023).

Effective policy implementation ensures that a policy is executed in a way that achieves its general and specific objectives. A policy is deemed successful when it meets its initial goals set by its proponents, garners no significant criticism, and enjoys comprehensive support (Farazmand, 2023; Taghvaei et al., 2023).

Principle 44 of the Constitution, within the framework of its general policies, is one of the most enduring economic policies in the country. The precise implementation of Principle 44 policies (privatization) in Iran can significantly transform the economic, political, and cultural foundations of society. Privatization policy is the beginning of economic reforms in the country and can achieve its goals if managed correctly. Hence, the primary and key responsibility of the government is to implement this policy effectively (Raoufinia et al., 2019). Privatization, in its apparent form, is a process by which the tasks of the public sector at any level are transferred to the private sector, meaning people are obligated to perform duties and responsibilities related to their society without government intervention (Nasirzadeh et al., 2021; Vahidzadeh et al., 2023). Principle 44 aims for a fundamental transformation in the institutional

arrangements of Iran's economy to achieve long-term goals by 2025. Given that the composition and role of governmental and non-governmental institutions are the most critical determinants of any economic system, this approach undoubtedly lays the foundation for transformation in Iran's economic system (Karimi et al., 2019; Nasirzadeh et al., 2021; Raoufinia et al., 2019).

One effective policy in good governance is privatization; in other words, to achieve good governance, governments should minimize their structures. One way to reduce government structure is by privatizing and transferring company management to the people. Due to the inefficiency of government performance in the economy, developed and developing countries have attempted to improve efficiency and competitiveness of companies and economic growth by transferring ownership of state-owned enterprises and sometimes parts or all of their operations to the private sector (Ghasemi & Yousefikhah, 2022; Nasirzadeh et al., 2021; Vahidzadeh et al., 2023). Today, many economists consider privatization a crucial factor in the economic development of any country. Generally, it is believed that privatization increases the efficiency of companies by creating a competitive environment and relying on market mechanisms. The main philosophy of privatization is to determine the role of government in the economy in areas such as healthcare, basic education, social security, national defense, major investments in economic infrastructure, and providing a legal and structural environment for private companies to operate freely, thus increasing productivity and added value to the economy through the efficient organization and management of companies that need to operate commercially to compete in the market (Zareei & Araei, 2021). The concept of privatization includes broad aspects, such as being an economic policy to balance governmental and economic sectors to ensure full competition and achieve greater economic and social efficiency. However, in some economic texts, privatization is synonymous with deregulation and sometimes liberalization. The definition most used by various organizations, including the World Bank, sees privatization as the transfer of ownership. The idea behind privatization is that a competitive environment and market system force private companies and institutions to perform more efficiently (Ahmadabadi & Heravi, 2019; Zareei & Araei, 2021). Privatization involves transferring public assets or production methods to private ownership or management, most commonly through the sale of assets such as state power plants, airlines, banks, or telecommunications

facilities. Another form includes transferring government services to non-governmental organizations, where the government shifts from being a service provider to a resource supplier and overseer (Nasirzadeh et al., 2021; Vahidzadeh et al., 2023).

Although some research has been conducted on the subject, there is a research gap regarding banking. Despite research on public policy implementation, no independent study has yet been conducted on the effective implementation of Principle 44 policies in Iran's banking industry. The country's banking system, part of the Ministry of Economic Affairs and Finance, is responsible for implementing many of the government's economic policies, which are expected to be executed optimally. This research aims to identify the factors and dimensions involved in the effective implementation of Principle 44 public policies in the banking industry and to design a model for the banking system to implement these policies most effectively. Therefore, the main objective of this study is to present an optimal model for the effective implementation of Policy Principle 44 in Iran's banking industry.

2 Methods and Materials

Table 1

Interview Coding

Row	Interviewee	Interview Text	Extracted Codes
1	Person 12	Wherever the principle of privatization was transparently and correctly implemented, the organization in question experienced increased productivity and efficiency. It should be noted in which economic and political period this principle is applied. If transparency is achieved, it leads to dynamism and competition in the banking industry and the prosperity of the banking sector.	Increased productivity; Dynamism and competition in the banking industry; Prosperity of the banking sector
2	Person 10	The prerequisite for the correct implementation of the policy in society is public participation and the level of acceptance by the community, which largely depends on the awareness and political maturity of the target society.	Public participation; Level of acceptance by the community; Awareness and political maturity
3	Person 9	Precise information dissemination, continuous supervision, and conditioning the transfers to productivity over a minimum period of 5 years and sufficient returns are factors influencing the effectiveness and efficiency of Principle 44 policy in society.	Precise information dissemination; Continuous supervision; Conditioning the transfers to productivity over a minimum period of 5 years; Sufficient returns
4	Person 3	Accurate implementation of Principle 44, support for the private sector, provision of low-interest facilities, support for production, and supervision over the provision of facilities are dimensions and components of the effective implementation model of Principle 44 policy in Iran's banking industry.	Accurate implementation of Principle 44; Support for the private sector; Provision of low-interest facilities; Support for production; Supervision over the provision of facilities

After all the data was initially coded and gathered, a list of codes was identified and themes were recognized. In this stage, different codes were organized into themes, and all the coded data related to each theme were compiled. In other

This exploratory and qualitative research utilized thematic analysis to conduct the study and analyze the data. Thematic analysis is a method in qualitative research focused on identifying, analyzing, and interpreting patterns of meaning within qualitative data. The research population included 18 academic experts and senior specialists in privatization selected from the Privatization Organization for interviews. Semi-structured interviews were used as the research tool. The tool's validity was established through face validity, and its reliability was confirmed using the inter-coder agreement coefficient, which was 0.87. Three interviews were randomly selected and re-coded by the researcher and an experienced coder to achieve this coefficient. Open, axial, and selective coding methods were used to analyze the findings.

3 Findings and Results

After conducting the interviews, the main concepts were extracted; then, the themes related to each interview's statements were extracted and included in the tables. This process was repeated for other interviews, and occasionally two or more similar titles were replaced with a better theme. [Table 1](#) shows the coding method for several interviews:

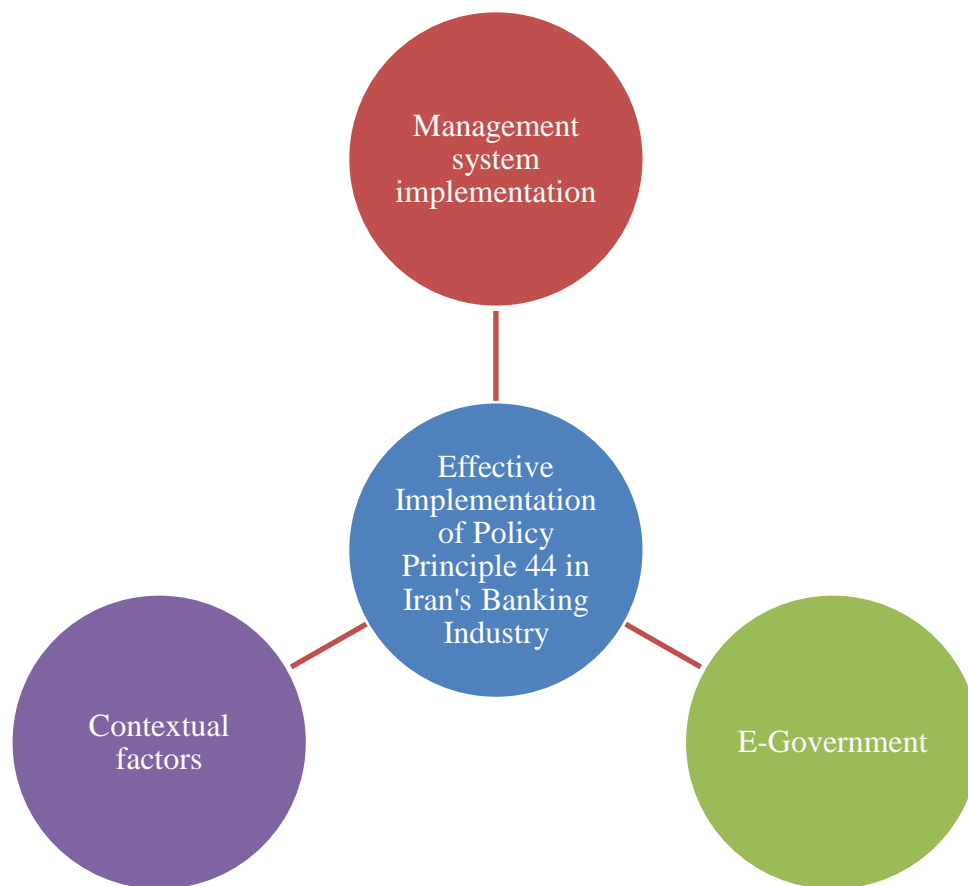
words, the codes were analyzed and then combined and integrated into organizing themes. Finally, the organizing themes were placed within comprehensive themes.

Table 2*Categorization of Codes into Basic, Organizing, and Comprehensive Themes*

Dimension	Organizing Theme	Basic Theme
Management system implementation	Planning and resource mobilization	Goal setting; Establishing clear and stable policies; Comprehensive policy setting; Precision in policy formulation; Long-term goals; Land use planning and balanced development
	Transfer process	Method and process of transfer; Outsourcing; Lack of complexity and ambiguity; Comprehensiveness; Simplicity; Prevention of corruption and economic rent; Generalizing the results and outcomes of privatization implementation in other organizations to the banking industry; Using the experience of other countries
	Management and execution network	Implementation support; Gradual implementation; Separation of governance and implementation tasks; Accurate implementation of Principle 44; Considering the points mentioned in the issuance of Principle 44; Significant role of banks in implementing Principle 44; Risk management; Executive guarantee of Principle 44; Sequential and continuous stages of policy implementation; Consistency between policy makers and executors
	Monitoring and evaluation	Monitoring and performance evaluation; Defining evaluation indicators; Increased control over bank performance; Continuous evaluation of Principle 44 policy in society; Increased financial control; Attention to the environment; Supervisory organization; Monitoring aimed at improvement; Creating an integrated supervisory structure; Broad public monitoring; Continuous evaluation; Goal-oriented evaluation model; Continuous and coordinated monitoring (comprehensive and coordinated monitoring system); Development and enhancement of national standards; Aligning quality evaluation systems with international standards; Creating a comprehensive evaluation system; Support for evaluation; Attention to evaluation outcomes and impacts; Utilizing feedback from evaluations; Using technology in evaluation; Attention to standard evaluation indicators
E-Government	Private sector management	Creating an effective environment for attracting the private sector to perform fiduciary duties; Creating a culture of participation in the private sector; Building trust in the private sector; Operational organization in bank branches
	Technological infrastructure	Appropriate infrastructure for electronic services; Modernizing and creating a modern banking information structure; Collaboration of technology with the banking industry; Updating technology; Security
Contextual factors	Provision of new services	Virtual services; Utilizing current world systems and technologies; Creating and implementing new technologies
	Laws and regulations	Facilitating privatization laws; Amending legal provisions; Considering the overall impact of laws; Reducing cumbersome laws in outsourcing duties
	Institutional-structural infrastructure	Institutional-structural reforms of the country's economy; Structural reforms of state-owned enterprises before privatization, the main pillar of privatization; Necessary infrastructure for developing private banks; Changing banking industry policies and shifting these policies from enterprise management to support roles; Moving towards Islamic banking; Reforming and developing financial markets; Reducing government share in the economy and decreasing banks' reliance on the government; Government use of advertising media to introduce the characteristics and capacities of privatization in advancing public economic goals; Creating educational infrastructure in the higher education system to enhance knowledge reserves in the field of privatization

The results in [Table 2](#) show that the three dimensions of the management system implementation, e-government, and contextual factors, along with nine key components, including planning and resource mobilization, transfer process, management and execution network, monitoring

and evaluation, private sector management, technological infrastructure, provision of new services, laws and regulations, and institutional-structural infrastructure, constitute the elements of the effective implementation model of Principle 44 in Iran's banking industry.

Figure 1*Final Conceptual Model*

From the initial set of 26 indicators, the analysis revealed that 14 indicators were critical to understanding the leaving intention among faculty members. These indicators were categorized into different levels based on their importance and influence.

4 Discussion and Conclusion

The objective of this study was to present a model for the effective implementation of Principle 44 in Iran's banking industry. Based on the research conducted, the dimensions include policy makers, executive management system, stakeholders and target community, e-government, contextual factors, outcomes, and barriers. These factors play an effective role in the successful implementation of Principle 44 in the banking industry. If the implementers of Principle 44 consider these factors in the banking industry, the implementation of Principle 44 in banks will be effective. The results of this study align with prior studies (Agu et al.,

2024; Ahmadabadi & Heravi, 2019; Al-Ajmi, 2008; Ballou et al., 2018; Banerjee & John, 2024; Edmond, 2024; Farazmand, 2023; Ghasemi & Yousefikhah, 2022; Karimi et al., 2019; Nasirzadeh et al., 2021; Raoufinia et al., 2019; Taghvaei et al., 2023; Vahidzadeh et al., 2023; Zareei & Araei, 2021).

To explain the results, it should be said that the implementation of programs, projects, and public policies in Iran is often not successful or satisfactory. Experiences show that multiple issues sometimes occur in the implementation of a policy, leading to significant differences between what is executed and what was planned. Various individuals (policymakers, researchers, political leaders, ordinary citizens, and even executors and agents of the executive branch) have expressed dissatisfaction with the implementation of public policies. However, criticizing improper policy implementation does not imply approval and defense of the policy content itself. Critics, aware of potential weaknesses in policy formulation, expect the

developed policies to be implemented optimally (Ghasemi & Yousefikhah, 2022; Vahidzadeh et al., 2023).

Generally, policies do not face specific problems during their formulation, but their implementation is always problematic. Since policy implementation plays a crucial role in solving public issues and problems, the quality of public sector management can be assessed based on the success in policy implementation. Implementation and outcome evaluation are essential for the effectiveness of public policy efforts aimed at addressing inequalities. Essentially, for organizations to optimize their public policy work, they need to know whether the policies they strive to implement are being executed as intended. This includes whether these policies are relevant to the specific target group, whether they increase equity or exacerbate inequalities, their cost for implementers and priority target groups, the degree and scale of their influence and absorption, whether they have unintended consequences, and whether they contribute to longer and healthier lives (Edmond, 2024).

To measure the effectiveness of policy implementation, it is first necessary to measure them because performance measurement is a rational management tool. Through evaluation and effectiveness measurement, the success of policy implementation can be understood. Determining the effectiveness of policies and programs and the possibility of improving future policy-making is impossible without evaluation. Therefore, policy and program performance evaluation is one of the priority tasks of the government and governance, potentially of even greater importance (Nasirzadeh et al., 2021; Vahidzadeh et al., 2023).

The policies of Principle 44 of the Constitution mark the beginning of economic reforms in the country and can achieve their goals if properly managed. Thus, the primary and key task for the government, judiciary, and legislature is to implement these policies (Vahidzadeh et al., 2023). The fundamental and most important factor in this transition is trust in the private sector so that the private sector can acquire the necessary capabilities. Principle 44 seeks a fundamental transformation in Iran's institutional economic arrangements to achieve long-term goals by 2025. Since the composition and role of governmental and non-governmental institutions are the most critical determinants of any economic system, this approach undoubtedly lays the foundation for transformation in Iran's economic system (Edmond, 2024; Vahidzadeh et al., 2023).

One of the limitations of this study relates to the methodology; only a qualitative method was used, and the

researcher could not use a quantitative method due to time and financial constraints. Moreover, the results are based on interviews with some banking experts, and other experts' views were not considered. Therefore, it is suggested that future researchers use a mixed-method approach (qualitative-quantitative) and consider the perspectives of other individuals involved in the banking system, such as customers. It is also suggested that banks adopt new organizational trends to benefit from a robust and flexible structure.

Other organizations should not interfere, and policy-making and implementation should be carried out by an independent unit. It is recommended to focus on the stock market, and after privatizing and transferring bank ownership, the government should transfer management. Effective policy implementation requires aligning the capabilities of the implementing organization; hence, policy makers should determine the organizational capability needed for implementation during policy formulation. Banks should be required to present their current organizational capability alignment with the required policy before starting the implementation of Principle 44.

Authors' Contributions

All authors have contributed significantly to the research process and the development of the manuscript.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

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Declaration of Interest

The authors report no conflict of interest.

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Ethical Considerations

In this research, ethical standards including obtaining informed consent, ensuring privacy and confidentiality were observed.

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