This study descriptive research to evaluate the internal efficiency of Allama Iqbal Open University. Main objectives of the study were to determine the extent of the internal efficiency of AIOU, determine the factors affecting its internal efficiency and developing a strategic model for increasing internal efficiency of AIOU. Systems analysis was used as theoretical basis of this study. The study has defined, analyzed and compared educational wastage of AIOU educational programmes in terms of premature leaving of AIOU students. Internal efficiency of an educational institution determines the extent of educational wastage i.e. dropout and repetition.

To achieve the objectives of the study, the researcher analyzed and synthesized data for testing three stated null hypotheses.
AIOU Academicians, Regional Officers, tutors and dropout students were taken as Population of the study. The number of sampled academicians, regional officers, AIOU tutors and dropout students were 92, 35, 82 and 507 respectively. After review of related literature and survey of examination records and four questionnaires developed on five likert scale to determine the extent of internal efficiency of AIOU.

For demographic profile, percentages were used to compare the frequencies of the responses. Mean was calculated to measure the central tendency of the responses. Standard Deviation reflected the heterogeneity of the responses. Sampling error was calculated to judge the adequacy of the sample.

Null hypotheses were tested by the application of ANOVA. Null hypothesis No.1 about the extent of efficiency of AIOU course contents was accepted. Null hypotheses No.2 regarding the extent of efficiency of AIOU tutorial and regional support services and null hypotheses No.3 about the strengths and weaknesses of the evaluation and assessment procedures of AIOU were rejected.

The study found that the overall internal efficiency of AIOU in the study period was 75.41%. The university was found more efficient internally for female students as compared to male students by 9.70%. The AIOU had greater internal efficiency for teacher's training programmes while at postgraduate level it had least internal efficiency. Female students showed the highest internal efficiency of 89.40 at Bachelor level. It was further found that the dropout students faced problems...
related with the course contents, methods, media; students support services and the evaluation procedures.

The study concluded that the dropout students were confronted with the problems, like their “job responsibilities”, “clash with other domestic/leisure commitments” and “having no suitable place for studies”. The inadequate accountability of both the faculty and administrative staff, inadequacy of qualified personnel and administrators, existence of personnel inadequately trained in distance education, inadequate coordination between academicians and administrative staff and lack of the participation of staff members in policy making, limited the internal efficiency of AIOU. The study also concluded that Regional support services of AIOU were found weak in respect of their inability to meet the needs of AIOU students and there is a wide spectrum of issues relating to evaluation and assessment procedures of AIOU.

The study recommended that the quality of AIOU contents, methods and media may be improved. The tutorial and regional support services may be strengthened with establishing two-way communication through new information technology. The study also recommended the strategic model.