



## Presenting a Desirable Model of Social Security Organization Management in Light of Its Administrative and Financial Independence in Iran

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### **Abstract**

The Social Security Organization of Iran is the country's largest social insurance fund. It has been discussed from the beginning by examining the issue of social security, the way in which the social security organization is run, the assignment of the principal trustee and its administrative and financial independence. Therefore, one of the main objectives of the present study is how to manage a social security organization, providing a desirable model of social security organization. In addition, while investigating the nature of social security institutions and the need for administrative and financial independence of the social security organization, we present the characteristics of a desirable social security organization model. The research technique or method of collecting information in this research is libraries (both documents and books) meaning that the information required for this research is collected from books, articles and documents available in reputable libraries and sites. (External sources are also used, apart from existing sources) and then the information has been processed and analyzed in a descriptive-analytical manner. The results of the study show that The Social security organization in the legal form of "public nongovernmental organization" and as the representative of the government is a trustee to manage the social security affairs. One of the features of this legal framework is that it is one of the public law entities on the one hand and has administrative-financial independence and legal personality independent of the government. And on the basis of its financial administrative autonomy, the Council must lay down rules on how to administer and perform the duties of the organization within the framework of the law. And sovereignty requires oversight by the government (the triple powers) of this entity. Regarding the privatization of social security, it must be acknowledged that despite the general policies of the Islamic Republic of Iran on privatization and with considering the many benefits that come with this discussion, it seems that regarding the identity of Social Security as a "public nongovernmental organization" and its financial administrative independence, and by maintaining the organization's true position and assisting the private sector in its executive functions, one can expect to fulfill this task of government sovereignty with greater quality and quantity; today, Iran's social security system has entered the stage of organizational evolution and moving towards improving its current status and achieving administrative and financial independence, but this system, like all human-designed systems, has some shortcomings that need to be addressed.

**Keywords:** Social Security, Government; Administrative Independence; Financial Independence; Legal Entity; Iran

## **Introduction**

Sixty years ago, the question of how to manage social security, how to administer the social security organization and its administrative and financial independence has been discussed, the institute which is also the largest social insurance fund and the largest economic and social organization in the country. In recent years, the Social Security Organization has been confronted with conflicts between powers over political issues, the lack of recognition of the the organization as an independent legal entity, the disproportionality between the authority and the responsibility of the Supreme Social Security Organization (CEO, Board of Trustees, Board of Supervisors) and the lack of workers 'and employers' organizations (the lack of genuine trilateralism) in the sense that these factors are the ones that directly or indirectly undermine the administrative and financial independence of the social security organization. So that, the organization is now in a situation that requires the restoration of administrative and financial independence.

On the other hand, since a long time ago, due to the large amount of resources coming into the organization, no one has paid much attention to the volume of liabilities of the organization which is much more than its liquidity. This has attracted the attention and desire of various institutions to dominate the organization, which has undermined the administrative and financial independence of the organization. This, together with relevant global experience, emphasizes the need for administrative and financial independence of the organization from other institutions, especially those related to political power. Therefore, this study seeks to present a desirable model of social security organization in the light of explaining the administrative and financial independence of social security organization.

### **1. Historical Course and Theoretical Foundations**

#### *1-1- The Historical Course of Social Security with Emphasis on the Role and Extent of Government Intervention*

To date, the historical course of social security in the world with the emphasis on the role and extent of government involvement in one general system can be described as follows:

A. Insurance systems were first created in the form of trade unions relying on intra-union support and limited to the sectional assistances; during this process due to the necessity of serving in the form of trade unions, the mutual assistance was developed, which was on the basis of the agreement of a limited group of individuals.

B. As the industrial workplaces evolved, the insurance perspective shifted to employer responsibility, meaning that the employer took responsibility for protecting the worker against certain hazards in the workplace and consequently its evolution led to the creation of provident funds<sup>1</sup> based on the individual savings of individuals in a fund and the withdrawal of them was commensurate with the amount of each person's savings. But because of the dangers of the provident funds, the social insurance structure was formed based on the responsibility of the government, employer, worker and most importantly the integrity of the commitments. Characteristics of the provident funds are the promotion of a culture of individualism and a restriction on the support and full dependence in the

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<sup>1</sup> Provident Funds have been one of the first mechanisms delivering the social security based on the individual savings with the intervention of government.

individual participation. While "social insurance strategies" in terms of the triple role of "insured, employer, and government", both in terms of vastness of coverage and in terms of funding, has a dominant role in social security strategies and is based on the social savings. The provident funds are international and common, and are established by a collective contract between the insured and the insurer, and are required by law to fulfill their obligations to the insured. . These funds are subject to the attention and support of governments and other social partners, and since in social insurances, the principle of law supervision on the participation should be fulfilled, social security providers as the partners of the organization must match their expectations on the basis of income and capital gains of the organization, that is, the more financial resources of the organization expands, the benefits expand and more social groups benefit, and the scope of services is expanded, not that the social security organization refunds its surplus income to the fund and the government or spend it for purposes outside the social insurance mission. Also, if the resources of the organization don't cover the costs of running the program, the government is obliged to provide grounds for it. Therefore, the triple coalition of government, employer and labor in these funds keeps the fund stable. (Amiri Ganjeh, 1394, p. 14)

### *1-2- The Nature of Social Security Institutions*

Social security institutions often have legal personality, administrative and financial independence, and may be "public" or "private" in nature, or, as in Iran's social security organization, a "public nongovernmental organization." (Nasiri, 1382, p. 69) Whatever the nature of social security services, the services provided by such institutions are part of the "public administrative services", which causes the impact of these services on social security institutions.

Accordingly, social security institutions have a legal monopoly on doing this public service and are outside the scope of commercial competition law. In one of its judgments in 1993, the European Court rejected the title of a firm as a social security institution if they competed for compulsory insurance and carried out solidarity-based social services. (Matt, 2001, p. 8)

Given the occupational aspect of social insurance and the provision of its resources by workers and employers, it is logical to administer the insurance system through the social partners of the funds, namely the unions of workers and the employers; after all, the administrative structure of the first systems had been designed on this basis and still operates in many countries.

Article (1), section 72 of Protocol No. 102 of the International Labor Organization states the need for the participation of insured persons and employers in the administration of social security institutions: "If the administration of the affairs of this Convention is not delegated to a public sector or a government agency responsible for legislating, representatives of sponsored entities must participate in certain matters in accordance with the rules or appear as consultants at the management level. National laws and regulations, in turn, can allow employer representatives and public sector officials to participate in the management of matters related to this Code." Usually at the top of the bureaucratic corporate governance structures of social security or provident funds, there is a board of directors that acts as the trustee of the insurers. The board consists of wage representatives, employer representatives, and officials from relevant government ministries and units. Workers' and employers' representatives are elected by trade unions and employers' organizations, or appointed directly by the relevant minister and after consultation with those bodies. Such a combination is called "trilateralism" (Badini, 1386, p. 120). Unless the institution is social security and governed by a single government entity, representatives of the insured and employers may be elected as members of advisory committees to comment on policy or governance issues. (8-12, International Labor Office)

### *1-3- Social Security Department<sup>2</sup> (Social Insurances) in Terms of the Public or Private Nature of Its Trustee*

Today, the social security office structure follows three patterns:

- Direct management by a government agency,
- Managed by an independent government agency with a supervisory board or board of directors,
- Private management by pension funds or insurance companies (Haji Hosseini et al., 1392, p. 78)

There is, of course, a fourth type for the administration of social security systems, referred to as "nongovernmental public systems", which govern social security affairs through "nongovernmental public institutions". These institutions have characteristics such as a "distinct organizational unit, independent legal personality, administrative and financial independence, the legal creation and dissolution and the performance of public services, and despite their common nature in being non-government and public affairs (such as social security), they have a wide variety that no single model can be considered for these organizations. It should be noted that the Social Security Organization of the Islamic Republic of Iran follows the recent pattern. The most important feature of the first model is having integrated infrastructures for budgeting and auditing, which should be complemented by other programs and national macro priorities. In the second model, namely the independent state institution, the prevailing idea is that social security assets and properties should be distinguished from government property and that the various interests of trustees should be considered in managing the plan. The third model is specific to private entities that have a specific competitive context and operate within the framework of legal regulation. This model ensures that human and material capacities are effectively managed and social security provides desirable services to the people.

The history of each country identifies the specific rights and institutions of each country. Today, in more than 172 countries, social security relies on government, and this type of social security is dominant over other administrative patterns. Today, state-based social security systems are divided into four categories, including Bismarck, Beveridge, nongovernmental, and mixed systems, though today even in two progressive European countries, Germany and the United Kingdom, none of the Bismarck and Beveridge systems are realized completely, but in any case, the social security root of these two countries is one of the two systems, namely the social security based on the solidarity among all citizens and the social security based on the solidarity among professional groups. (Nikoopour, 1384, p. 9) Obviously, in some countries, Bismarck, Beveridge and non-state public systems may not be implemented in absolute and pure terms, and some governments offer a combination of these services in delivering their insurance and social assistance. Thus, the fourth type of government-based social security system is formed in the name of the complex system. (Homayoun Pour, 1389, p. 82)

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<sup>2</sup> Since the Social Security Organization in the Islamic Republic of Iran is solely responsible for social insurance, in this book, the management of social security systems means the sole management of social insurances and the aim of mentioning the title of social security is "the study of social security organization in Iran and its equivalent in other countries of the world" not the social security as its public sense that includes support and help agencies.

## **2- Administrative-Financial Independence of the Social Security Organization**

### *2-1- The Philosophy and Necessity of Administrative and Financial Independence of the Organization*

Since the most important reason for the creation of public nongovernmental organizations (such as the Social Security Agency) is better public administration and all available tools and supplies, including administrative and financial independence, have been put into service for these purposes, so if some concepts such as independence (bureaucratic and financial) and independent legal personality, etc. follow the name of these institutions, these all is for a better management of public affairs.

After examining the legal nature of the Social Security Organization of Iran, which is a kind of combined mimicry of Western countries, one can summarize the reasons for the formation of (philosophy and necessity of administrative and financial independence of the Social Security Organization) in the following legal form:

A. Because the primary task and purpose of the organization is to provide and extend all types of social insurances, and one of the principles governing social insurance is the principle of participation, so the legal framework of the insurer should be such that all partners can play a role in monitoring and guiding it. Since one of the important features of public institutions is the administrative independence and council management, the legislator has chosen this legal framework for the social insurance executive.

B. Because the social security is a complex specialized activity to balance financial resources and legal obligations, it is advisable that the enforcement agency have administrative and financial independence so as to be free from certain rules and regulations and government intervention, for professional decision-making, and the use of creativity and initiative to achieve better results.

C. Since the provision of public social security services is part of the duties and functions of government, and the government is responsible for it, so the executive agency that carries out this task on behalf of the government should be one of the public power concessions to restore this public right using the public power privileges, which together with government oversight, is a feature of public institutions.

D. Alongside the primary duty and sovereignty of the Social Security Organization, the task of investment and utilization of the organization's resources is also the responsibility of the organization, which is one of the organization's tenure practices. In order to make a profitable investment and to compete in the economic field, the executing system must have the administrative and financial independence to be able to achieve the required goals by adopting appropriate policies and strategies and to somehow guarantee the future and stability of the Social Security Fund.

E. One of the funding sources to expand social insurance coverage, is attracting the assistances, donations, alms and gifts to the public, in which public institutions with a legal personality independent of the government can better attract the help of public; and collect these resources. So the Social Security Organization as a public nongovernmental organization will be more successful in this issue. (Jamalzadeh, 1387, p. 58)

## *2-2- The Scope of Administrative and Financial Independence of the Social Security Organization*

Social Security has an impact on the lives of a large number of citizens, so social security agencies must be able to provide effective, beneficial and timely services to their clients, and to apply fair and impartial laws and regulations. (Bodini, 1386, p. 116) Extending and expanding social security protections to the entire population of the country, regardless of their affiliation to specific occupational groups and the establishment of a national minimum that is funded from taxation and the collapse of the security agencies has exacerbated the need for government intervention in the administration of social security, particularly the support systems, and has openly questioned the issue of social security management as a public service. (Matt, 2001, p. 9)

By adopting the Law of Structure and forming the Ministry of Welfare and Social Security, the Social Security Institutions have retained their legal personality, administrative and financial independence, and each of them will operate within the framework of a comprehensive system (Article L. Section 6 of Structure Law). However, their independence is unconstitutional because due to Article 17 of the Structure Law of Comprehensive Welfare System and Social Security, the Ministry of Welfare is obliged to amend the Statute of all executive bodies, public funds and public institutions within one year and conduct the necessary review in the areas of insurance, support and relief, and after approval by the High Council of Welfare and Social Security to be approved by the Cabinet. (Badini, 1386, p. 130) Therefore, it should be acknowledged that the independence of all social security institutions is limited to administrative matters and issues such as policy making, strategy setting, decision making on expanding social security coverage, type and amount of benefits, share of funds and the various social security institutions are governed by the state budget and generally the laws and regulations governing them and are carried out by the legislatures. The broader the coverage of the social security system, the greater the need for government policy and intervention, since social and economic well-being and people's well-being are part of the government's duties, and if the financial resources of social security institutions are not sufficient to fulfill their obligations, the government should compensate for this deficit. Additionally the amount of funds allocated to countries' social security, the widespread redistributive effect of social security schemes, the relationship between social security and the national economy, and the use of social security for the provision of macroeconomic issues doubles the need for government intervention in the administration of the social security system. Therefore, the government needs to oversee the management of resources, how to spend it and its organization so as not to be wasted due to mismanagement and bureaucracy of resources (Badini, 1386, p. 116)

In paragraph 2 of Article 72 of Protocol No. 102 of the International Labor Organization, Member States are required to accept overall responsibility for the well-being of the agencies or the organizations implementing the Convention.

## *2-3- Necessity to Maintain the Legal Personality of the Organization in the Field of Privatization of Social Insurance*

Social security is not transferable to the private sector; the concept of transferring to the private section is that the government's task in providing the right of citizens from social security is wholly entrusted to legal entities of private-law that work to obtain profit. Assignment to the "non-governmental sector", which is referred to in some laws as the structure law of the comprehensive system<sup>3</sup>, is different from assigning it to the "private sector". The nongovernmental sector in these laws is the nongovernmental

<sup>3</sup> Paragraph D of Article 6 of the Law Structure of the Comprehensive Welfare and Social Security System

public sector and specifically public nongovernmental institutions<sup>4</sup> (such as the Social Security Organization). Such institutions are, like government institutions, responsible for some of the functions of government sovereignty tasks, but because of their administrative and financial independence and their exclusion from some of the government's financial, administrative, and institutional regulations in comparison to the public sector (state ministries, institutions, and corporations) are more efficient and at the same time more supervised by the people. However, because of the benefits of outsourcing to the private sector, such as enhancing the quality of services, creating competition and reducing costs, there has recently been talk of "privatization of the social security" in some countries. But it should be noted that privatization in such cases is merely the assignment of some non-sovereign duties and tasks, and as far as the author is aware the privatization of social security has not actually taken place anywhere in the world, and it can even be said that the complete privatization of social security is a form of cleaning up the question itself and removing the right to benefit social security, including the social rights of individuals. At the same time, it should be acknowledged that some of the non-governmental functions of social security institutions can be delegated to the private sector, which has benefits and in the long run benefits the potential and actual community of insureds without undermining their right to benefit the social security and the obligation of the state in this regard (Homayounpour, 1382, p. 24).

Privatization is the process of transferring ownership of the business from the public sector to the private sector. In a general sense, privatization refers to the transfer of any government function or task, including government duties such as revenue collection and law enforcement (Chaud, 2006, p. 42). Privatization can also highlight another type of total withdrawal from the whole to the fraction: Unlawful ownership of some goods that were previously available to the general public or society by a particular individual or group, such as not allowing the participation of people. Privatization in the sense of privatizing the public property has obvious implications for welfare distribution (Kahn & Cameramen, 1989, p. 2).

In Note 1, paragraph 4, Article 12 of the Structure Law, in line with the privatization policy, the main institutions, organizations and agencies active in the insurance, support and relief territories are required to assign their executive and administrative powers in the field of production and presenting the legal services and obligations to brokerage firms under contracts that will be specified by the Ministry of Welfare, with the approval of the High Council of Welfare and Social Security. Thus, merely the "exercise of authority" of the above-mentioned entities can be delegated to the private sector, and the "exercise of sovereignty" cannot be delegated to the private sector.

Brokerage institutions include commercial insurance companies, municipalities, charities, and other structural capacities in the form of banks, funds, corporations and services, and charitable and civil institutions operating at the level of the executive of a comprehensive social security system in Forms of contracts and agreements.

(Article 4 of Section 12) Applying all the provisions of the law of structure, including those relating to the bodies supervised by the Supreme Leader (Imam Khomeini Relief Committee and Social Security Organization of the Armed Forces) is up to his allowance. (Section 18)

In recent years, the issue of privatization of government activities through the transfer of state-owned enterprises and state-owned institutions to the private sector has been raised. In the law of the structure of the comprehensive system, the principle of competition and prohibition of monopoly in social insurance has been explicitly mentioned (Section T of Article 6 of the Law of the Structure of the Comprehensive System)<sup>5</sup>

<sup>4</sup> About the public nongovernmental organizations, refer to the Law of the List of Non-Governmental Organizations approved in 1994.

<sup>5</sup> Of course, one point in this Article is noteworthy, that the Article T refers to the principle of competitiveness at the executive and brokering levels of the social security system, but in part 1 of the same Article, it has been stated that all insurance levels of

In view of these two points, this question is raised in mind that whether the privatization also include the social insurance and do we need to privatize it in order to compete in the field of social insurance?

To answer these questions, you first need to consider what is meant by privatizing social insurance? Here are two hypotheses: The first is that the privatization of social insurance means the transfer of social insurance to the private sector at all levels so that the government is exempted from doing so and that the private sector is motivated by profit-making on the basis of the business principles of social insurance. As for this hypothesis, is it rejected for the following reasons?

First, given that in previous discussions it has been proven that social insurance is one of the functions of government sovereignty, so if the practice of sovereignty is linked to the intention of transferring to the private sector to create more competition and profit, in fact the purpose of the sovereignty has been missed. Conversely, if sovereignty is transferred to the nonprofit private sector, it will require widespread oversight and intervention that will not result in the expected benefits of outsourcing the affairs to the private sector (increasing the quality of goods and services and reducing the costs). (Kaviani, 1384, p. 55)

Indeed, the private sector will become the public sector. As it is the same now (public nongovernmental organization). On the other hand, doing so also requires sovereign authority that the private sector lacks. Secondly, the nature of social insurance is an activity of public interest and is not inherently profitable in practice, so the private sector will have no incentive to take it. In other words, if social insurance is to be transferred to the private sector, the nature of social insurance must be first converted to the commercial insurance and then transferred. In this case, the goals of social security such as public benefit, compulsory and most importantly social justice will not be achieved.

Third, it is not possible under the constitution (Article 29 and other related principles) to deprive a person of social security and, consequently, there is no state social security.

The second hypothesis is that privatization of social insurance means transferring some of the social insurance duties to the private sector rather than removing this duty from the description of government duties. Therefore, in this hypotheses, some of the tasks of the Social Security Organization (as the main trustee of social insurance) are delegated to the private sector at the brokerage and executive levels. These include the assignable duties of the organization, the cure duties and obligations of the organization, the duty to use and invest the assets of the insured. This assumption seems to be true, as in recent decades some reforms have been performed in the form of privatization in the social security system of some countries. (Jamalzadeh, 1387, p. 60)

#### *2-4- The Principle of Participation, an Introduction to "Independence of the Social Security System"*

The principle of participation as one of the principles governing the social security system can also be put forward as another example of the extent and role of the state in social security.

Partnership, commonly used with the term "collective" or "public" as a combination of "collective participation" or "public participation", is the most prominent mechanism of democratic government in securing democracy in political systems. The link between the principles of participation in its general sense to the legal system of social security is the insertion of social security rights into public law. From this point of view, the principle of participation in its proprietary sense in the social security system is the

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the social security system should be designed and regulated in a way that it is possible to compete and this section contradicts itself and it seems that part I should be able to compete only at the levels of executive and social insurance brokerage, not at all levels.



actual participation and supervision of all social security stakeholders in the decision-making, decision-building and macro and micro-management of the social security system by means of legal mechanisms.<sup>6</sup> The principle of participation in paragraphs (d) and (e) of Article 6 of the Comprehensive Structure of Welfare Law is as follows:

**Article D - Non-Governmental Partnerships:** The social security system is based on the principle of participation at the levels of policy making, planning, implementation and evaluation so that non-governmental organizations and institutes can participate in defined ways. This partnership also includes organized and engaged clients such as NGOs. This partnership does not mean the removal of responsibility from the government, and in any case the government is responsible for social security.

**Article E - voluntary contributions to the financing of institutions, organizations and public and non-governmental organizations of the social security system are permitted provided that this is done in accordance with a regulation adopted by the Cabinet and Provide social security monitoring.**

Participation is one of the basic principles of democratic systems. The emergence of this principle in the legal system of Social security is the evolution of elitist democracy and it means the change in high levels of power in the emerging, dynamic, and steady stages of participatory democracy to low levels of power and its entry into the bureaucracy and including social services, such as social security. On the other hand, the essential concept of democracy can be provided and guaranteed by the enjoyment of natural or fundamental rights in the form of individual and group rights and freedoms, which are also referred to as human rights and are among the legal foundations of the social security system. (Badini & Poshtdar, 1388, p. 308)

The principle of participation is itself a prelude to the principle of "the independence of the social security system". In this way, applying the public power in the social system is carried out through two systems: a centralized system that is a direct, implicit and inflexible flow of political and administrative power in human units, and a decentralized system that regulates and distributes power through its dispersal in non-national and non-governmental institutions. In other words, decentralization is a pluralistic approach that establishes and monitors the exercise of public power by establishing diverse legal entities. The source of the establishment of these independent legal entities is the law adopted by the public authority through the competent authorities, meaning the principle of legality at the establishment stage. Once established, the stage for applying the public power comes. From the point of view of public law, the transition from the central point of authority (whether the parliaments, ministries, authorities, etc.) to independent legal entities is very important. Functional transfer of power means that applying the public power occurs by the channel of legal entities with the transfer of part of power from the central point of authority to these institutions. But what gives legitimacy to applying this power is the transformation of this power through administrative mechanisms to competence. In fact, jurisdiction is the power conferred by the legislature on independent legal entities and applying part of the public power. The main mechanisms of decentralization are organizations and institutions independent of the state, and hence this is the link between the principle of independence of the social security system and the principle of participation. Establishment of these independent organizations and institutions is possible only with the possibility of participation, organizations and institutions having financial and administrative independence. (Badini and Poshtdar, 1388, p. 310)

The principle mentioned in paragraph (g) of Article 6 of the Law on the Structure of the Comprehensive Welfare System is as follows:

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<sup>6</sup> Badini and Poshtdar, the legal system of Social Security, the transition from the welfare state to the idea of good governance, p. 308.

1. Planning, policy making, oversight, evaluation and distribution of public resources are centralized and administered by the government.
2. The executive and brokerage affairs are decentralized.
3. Government interference in the level of executive and brokerage activities is carried out in cases where the level of NGO activity is not sufficient to provide services or is necessary to regulate the market for social security services and to compensate for market failure and interference.
4. The interference of regional conditions in the planning of this law has only focused on administrative decentralization. This means that it will only delegate part of its executive and management functions if needed and focus on centralized distribution of public resources, including economic and political resources.

### ***3 - Comparative Comparison of Different Countries in Terms of the Role and Extent of Government Intervention***

Table 1 shows how the Social Security Institution is run in different countries:

**Table 1 - Comparative Comparison of Different Countries for the Role and Limits of Government Intervention**

<b>How to administer Social Security</b>	<b>Country</b>	<b>Row</b>
Government	Iran	1
The federal government	United States of America	2
A government unit	the UK	3
Central government	China	4
Central government	Indonesia	5
Central government	Laos	6
Central government	Vietnam	7

Extensive study of world's social security systems shows that this issue is not necessarily based on understanding the status of countries in the laws and regulations of the subject, but rather on the basis of the performance of different countries in the world. In many countries around the world, institutionalization in the field of social security, sometimes depend on the administrative and general approach of governments and sometimes the experience, specialty and character of key government officials, in other words, in some countries, the administrative and financial independence and decentralization of social security is welcomed and, in others, there are more willing to centralize all activities in the public sector. In explaining the previous lined, it can be said that the triple structures in some countries such as East and Southeast Asia, has not yet been fully deployed, and the tendency for authoritative guidance and restriction of democratic activities and monopolies on activities of workers

unions in East and south-east Asian countries have increased social restrictions and lack of opportunities for workers' representatives to participate in planning and administering social support. Although current world conditions indicate that very broad institutional agreements is being reached around the world to deliver a common framework for social security management, and these arrangements have in most cases led to the effectiveness and efficiency of social security systems, but as noted earlier, it must be acknowledged that what is applicable and effective in one country, may not necessarily work in another country. But what is clear is that the most important factors contributing to the efficient administration of social security are its compatibility with the characteristics and conditions of people and society, institutional arrangements, and the level of development (especially political development) in the country. The results of the comparative study of social security in different countries also show that provinces, local governments, departments and municipalities have played an important role in the administration of social security and in some countries these levels and institutions have relatively good national authority. It is in this situation that the unnecessary focus on high levels of government is reduced and the central government will be able to control and oversee social security affairs. In the developed countries of the world, due to the high standard of living and complete economic privatization, the government has been in charge of social security and the growing movement of social security from national income. In many of these countries, the government is required to support people with a lower income level. In these countries, people do not pay insurance premiums, and national and tax revenues collected by governments are considered a source of social security. In short, it can be acknowledged that in the developed countries of the world, social insurance is moving towards social welfare. The results of this study also show that in the Islamic Republic of Iran, social security management and control are concentrated in the order that the government's attention is focused on the overall control of the comprehensive welfare system, social security, strategic management and planning and the main activity of the government in the sector. In the section of Social welfare, the main activity of government is also limited to the overall planning and management of the social security system and the setting of standards for overseeing how social security is implemented.

There are no specific, standard, uniform and common models for the organizational and administrative structure of the social security system of all countries, and according to the different circumstances of different countries of the world, different structures and patterns apply to specific situations and the organizational structure of most systems. Today's social security structures are mostly built to meet specific needs and requirements at a particular time based on historical, political and social considerations; for example in some countries it is possible that a ministry like Labor Ministry, Ministry of Social Security, Ministry of Health or a ministry like the Ministry of Social Security, plays the roles and tasks of the government in the field of social security; or it may be the special council that has the task of policing and overseeing the social security and is accountable to the government. In some countries, it is possible that legislature creates some institutes such as "the Social Security Administration", "the National Social Security Fund", or "the National Insurance Board". These institutions are implementing social security regulations under the supervision of the relevant ministry. It may also sometimes be possible for social security policies to be shared between some government departments. How this office is coordinated and communicated in this situation is a crucial issue. On the other hand, social security rights in different countries are internalized according to the structure of their social security system, and governmental and non-governmental institutions and they are responsible for providing social security services to the people. In the Islamic Republic of Iran, this is the responsibility of governmental, non-governmental and insurance funds, and organizations such as the Social Security Agency and the National Pension Agency.

### 3. Characteristics of the Desired Pattern of Social Security Organization Management

The conclusions of the studies show that in different countries there are often common principles and foundations for the accomplishment of the goals and tasks of the Ministry of Welfare and Social Security, but the implementation methods and mechanisms used in each country differ from country to country. In fact, each country has taken steps towards realizing these goals and tasks by considering its social and economic infrastructure and conditions (Sadeghi, 1394, p. 4).

In other words the extent and nature of socio-economic problems and the origins of these issues, as well as the strategies and methods for mitigating and resolving them, depend on the shape and structure of each country's political, social and economic system. According to the experts of the Iranian social security system, as a system that on the one hand demands to be completely independent of the state support and on the other hand it should be a step towards minimizing coverage and generalization of the rights of citizens in the field of social security. Because of the acceptance of universal principles and selection of appropriate models, it faces numerous problems only in the areas of policymaking, regulation and implementation (Khaliqparast et al., 1396, p. 9).

In light of what has been said in this chapter and in the previous chapters, it is possible to summarize the elements and characteristics of the desired model of social security in the Islamic Republic of Iran in the following features:

**Table 1. Characteristics of the desired Social Security Administration model**

Features	Row
Real nongovernmental public institution	1
Administrative and financial independence	2
Legal personality	3
Government Guarantee	4
Minimal government involvement and maximum involvement of social partners	5
democracy avoids the Bureaucracy	6
Real tripartism (government, employers and insured) and the exit of the organization from the control of government	7
Centralized planning And perform the Decentralized	8
Implementing the law of the comprehensive structure of the welfare and social security system	9
Reducing the cumbersome rules	10

### *3.1. Real Public Non-Governmental Organization*

Although, the social security organization in the form of a public nongovernmental organization representing the government is entrusted with the administration of social security affairs, which one of the characteristics of this legal form is that on the one hand the social security organization is a part of public law institutions with the power of governing and on the other hand, it has legal personality independent of the state and it has administrative and financial independence from the general rules of government, but the enactment of a comprehensive welfare and social security system law has created wide-ranging oversight of various institutions, such as the Ministry of Welfare, the High Council of Welfare and the State Board on the Social Security. So the Ministry of Welfare considers the Social Security Organization to be an affiliate of its own, although it is still a public nongovernmental organization and not affiliated with the government, as provided by the year 1373. Today we observe that the Social Security Organization has also been subject to some of the approvals of the Cabinet and has practically become a public institution.

### *3-2- Administrative and Financial Independence*

Although, an amendment to Article 113 of the State Service Act says that:

"The Social Security Organization is a subsidiary of the Ministry of Welfare and Social Security and the Minister is accountable to the relevant legal authorities ....."

The aforementioned article, however, is in conflict with the administrative and financial independence, legal personality of the organization, and the regulatory oversight of the government. The Board of Trustees, which has the authority to appoint the CEO, the Board of Directors and the Supervisory Board, are actually elected by the government, which means that the government is indirectly elected by the CEO, which is also the case. It conflicts with the administrative independence of the social security organization. With regard to the financial independence of the Social Security Organization, it should also be acknowledged that government oversight in accordance with Article 15 of the Comprehensive System Structure Law is as follows:

"How the funds, reserves and investments of the organization will be managed by the High Council of Welfare will be set by the Cabinet."

Therefore, the above law seems to be completely governed by the general investment policy of the organization and how it is implemented by the government and the organization has no right to make decisions or comment on this, and this is another violation of the financial independence of the organization. It is social security.

### *3.3 Government's Guarantee*

The government's obligations to the organization, which has consistently responded to, repaid, and followed a slow process, have been dealt with in a variety of subject areas such as 3% premium (paragraph 1, Article 28), workshops exemptions for up to 5 employees, and Free Jobs, Article 9 of the General Carpet Insurance, Paragraph A of Article 49 of the Third Country Plan Act, 5% is Government Share of Article 50 of the Law that has been summarized on Industrial Renewal Insurance, and Other

(Frontline Service Insurance, Insured Treatment, Veterans' Treatment, The captivity days of the free, etc., which has been too incomplete and ineffective.

### *3.4. Minimal Intervention of Government and Maximum Involvement of Social Partners*

Although governments should move through strengthening and mobilizing public participation, promoting prevention, strengthening relevant organizations, and ultimately transparency and oversight of social security administrative units in order to enhance the quality and quantity of social security and the concept of disregard of government is not the inattention to of governments to the duty and responsibility in the area of social security, but the principle of minimal government intervention will encourage the private sector to enter the field of social security and will further reduce social security reliance on government funding and with the change of governments, social security is not fluctuated dramatically.

### *3-5 Avoiding Bureaucracy*

As large-scale governments will lead to bureaucracy and reduced agility, government intervention should be minimized to avoid the emergence of bureaucracy.

### *3.6 Real Trilateralism (Government, Employer and Insured)*

Since social security is one of the sovereign acts of government, its administration and control must therefore be carried out by, or under the strict supervision of, the government, on the other hand, with regard to the provision of primary sources of social security financing through the principle of partnership of most people (employer and employee) and the requirements of insurance activity (some specialized affairs activities in the form of private law such as investing), the administration of these matters must also be attended by the beneficiaries of social security and in some cases be free from the general and administrative law regulations in the form of private law.

### *3-7- Exit of the Organization from the Dominion of Government*

However, by referring to the Social Security Act, it can be seen that the role of employer and (insured) employee is diminished and partially formalized and the chief and sole governor of the organization, whether in the composition of the Supreme Social Security Council or in the Board of Directors and the organization and the supervisory board are in fact the government itself and the employer and insured representatives have no involvement in these appointments, but in order to achieve the desired pattern of social security, it is necessary to supervise and direct the social security organization with the trilateral participation of the government, employer and insurance.

### *3.8 - Centralized Planning and Decentralized Implementation and Reduction of Obstructive Rules of Organization*

Because by examining the welfare and social security management system in most developed countries, it can be concluded that social security in these countries has a centralized planning and a decentralized implementation and follows a completely decentralized system and lacks an agile structure that lacks the cumbersome regulations, so the desirable pattern of centralized social planning and decentralized implementation is needed and the organization's cumbersome rules are reduced.

### *3-9 - Operating the Structure Law*

The establishment of the law on the structure of the comprehensive welfare and social security system dated 21/02/1383, which led to the formation of the Ministry of Welfare and Social Security, and it failed to affect the performance of funds, insurance and support organizations, and in general the law has not been able to bring about significant and positive developments in the social security system of the Islamic Republic of Iran. There are many reasons for this failure, perhaps the most notable being the "impracticality" of the mentioned law, so that the constitution of a comprehensive welfare system, the aims, policies, and general principles of the social security systems, such as "co-ordination between triple areas", "macro-welfare cohesion policy" and "support for all the people of the country", whose administrative solutions have not been set.

## **Conclusion**

Considering the concept of sovereignty and its features, such as ensuring the public interest, preferring individual interests and excluding them from private agreements and taking into account the maximize public participation (employer and worker) and the requirements of insurance activity (some specialized matters and activities in the form of private rights such as investment), the management of these affairs should be done by stakeholders in social insurance and in some cases be governed by public and administrative law and in the form of private law. The institutional legislator should therefore be responsible for administering and enforcing the affairs of which the legal framework can create a plurality of the above requirements. Hence, the Social Security Organization, in the legal form of the "Public Non-Governmental Organization", represents the government responsible for administering social security affairs. Characteristic of this legal framework is that on the one hand it is a body of public law and has the power of government to govern and on the other it has financial administrative independence from public regulation and independent legal personality from the government. It is governed by a council, and on the basis of its financial administrative autonomy, the council must lay down rules on how to administer and perform the duties of the organization within the law.

Given the main task of social security, which carries out a public and sovereign task and has the sovereignty and power to do so, there is a need for government oversight of this body (triple bodies) to ensure that oversight of the legislature can be carried out through the Commission of Article 90, questioning, admonition, investigation and impeachment as well as the legal oversight mechanisms of the Ministry of Welfare as overseers of the Social Security Organization. Judicial oversight is common through the courts of law, the State Inspectorate General, and the Administrative Justice Court, and,

ultimately, through judicial oversight, the ministries of welfare and social security, health, cabinet resolutions, and government representatives in the Supreme Council. It is obvious that such oversight should be carried out within the framework of legal norms. Regarding the privatization of social security, it should also be acknowledged that despite the general policies of the Government of the Islamic Republic of Iran on the subject of privatization and in view of the many benefits it has, the debate is about how to improve the quality of goods and services and reduce costs and the possibility of competition in the market, it cannot completely be privatized. It appears to be a 'public nongovernmental organization' and the attributes enumerated for such persons (including financial administrative independence and being free from public regulation), while maintaining the true status of the organization and cooperation. In terms of its executive duties, the private sector can be expected to fulfill this state sovereignty with greater quantity and better quality at the public level, as provided in the Civil Service Management Act adopted on 18/11/2006, including in Article 13 the law has also emphasized the performance of many government tasks by public nongovernmental organizations. All experts have acknowledged the need for administrative and financial independence of the Social Security Organization but believe that despite the explicit nature of the law due to the administrative and financial independence of the organization both by the government and by the Islamic Consultative Assembly it has been compromised and sometimes overlooked. This is due to deficiencies in the laws and regulations related to the administrative and financial independence of the organization, as well as to the failure of the government to enforce some laws. The Islamic Republic of Iran's Social Security System today, after more than four decades of passing the Social Security Act of 1354 and passing through various periods, has entered the stage of organizational evolution and moving towards improving the current situation and achieving administrative consideration social insurance rights, including "compulsory law and public interest, failure to establish it on the basis of its material benefit, its continuity and non-termination and its guarantee by the State, it can be concluded that social insurance is part of the exercise of state sovereignty and it is only the government or representatives of the government who can apply for social insurance. Accordingly, in most countries around the world, governments have undertaken the creation of this institution as part of their duties. It goes without saying that private individuals and institutions will not be able to carry out this act of state sovereignty without strict government oversight and special conditions. In other words, social insurance is one of the functions of the sovereignty of the state and its administration must be carried out by the power of the government, the state or under the strict supervision of the state; on the other hand, with regard to the provision of primary sources of social insurance through the principle of financial independence. As with all human-designed systems, it has some disadvantages that need to be addressed. The achievement of the administrative and financial independence of the Social Security Organization, which also results in the achievement of "social welfare and security", "maintaining the human dignity and rights" and "social justice" as the aspirations and goals of the Islamic Republic of Iran's 1404 vision, without improving the shortcomings of the social security system, one cannot improve the status of this system.



## Offers

Table 2- Practical Solutions

Achievement	Description	Description of suggestion/ solution	Row
Realization of administrative and financial independence	The NSA is structurally independent of the legal entity and has administrative and financial independence, so it must conform to the decentralization structure of the decentralization structure and also have the characteristics and characteristics of an administrative decentralization .system.	Redesigning the Social Security Organizational Structure with an Administrative Decentralization Approach	1
	Today, in the campaigns for the presidential election, the Majlis and in the plans to introduce a new cabinet, the administrative and financial independence of the organization remains neglected and less likely to be a candidate.	The inclusion of slogans such as deferred payments to the government, observance of triples  Adopting a political neutrality approach to the organization	2
	By law, the director of the organization must be approved by the Minister of Co-operation, Labor and Social Welfare, so the workers 'and employers' representatives have little role in the installation of the CEO.	Appointment and dismissal of the CEO with a three- - pronged approach i.e., ) real oriented appointment and dismissal of the CEO by organizations  of workers and employers and government ( representatives	3

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