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Research Paper

An Appropriate Corporate Governance Model at Iran Insurance Company

Shamsollah Salami [1] **Mohammadreza Bagherzadeh** [2]
Asadollah Mehrara [3] **Mehrdad Matani** [4]

Abstract **Insurance Corporate Governance Code 93 was communicated to the insurance industry of Iran in 2017. However, as the only Iranian governmental insurance organization, Iran Insurance Company has a different corporate governance structure in the insurance industry of Iran. The present study aims to propose a good corporate governance model at Iran Insurance Company. This study is applied research in terms of objectives and descriptive-survey research based on a combined methodology in terms of data collection. Semi-structured interviews were performed with fifteen experts. The final model was proposed through thematic analysis and the Delphi model with five components, including board effectiveness, transparency and disclosure, ownership institution, beneficiary management, and monitoring. The model was examined by delivering questionnaires to a total of 201 senior and middle-level managers and agency directors at Iran Insurance Company. The Kolmogorov–Smirnov test was utilized to determine data distribution, while the Kaiser-Meyer-Olkin (KMO) test and Bartlett's test were used to examine measurement sample suitability. Also, the partial least square (PLS) method was employed for modeling in Smart PLS. The components were ranked through the Shannon entropy approach. The results demonstrated that board effectiveness had the largest importance among other components. The board structure and composition**

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[1.2.3.4] Department of Public Administration, Qaemshahr Branch, Islamic Azad University, Qaemshahr, Iran

[2] Correspond Author: dr.mr.bagherzadeh@gmail.com

showed the highest weight. Among the components of board effectiveness, the separation of the chairman and CEO had the highest importance.

Keywords *Good Governance, Corporate Governance, Thematic Analysis, Iran Insurance Company, Smart PLS*

Introduction

Nowadays, the service industries play an essential role in the economic development of countries, and among the various fields of insurance, life insurance is of particular importance because it covers its cover directly to humans. Increased competition in the insurance industry has led managers to seek marketing strategies that, in addition to increasing insurance sales, reduce costs and gain competitive advantage (Kaveh; Saeida Ardekani & Tabatabaeenasa, 2020: 19). The theory of governance was proposed as a substitute for the theory of novel public management in the ever-changing world. Researchers have differentiated three major ideas in the governance literature: (1) good governance, (2) public governance, and (3) corporate governance (Osborn, 2010). Each of these three models refers to a specific level of governance. Good governance is discussed at the international level, public governance is considered at the governmental level as a substitute for public management, and corporate governance is discussed at the corporation level (Clark, 2007). The World Bank defines good governance with six characteristics: (1) honesty and accountability, (2) regulation quality, (3) governmental effectiveness, (4) political stability, (5) rule of law, and (6) control of corruption (Kaufman et al., 2009). Public governance includes measures to ensure the achievement of predicted outcomes for beneficiaries. In other words, in a governance system, it is ensured that an organization fulfills its general objective, provides predefined outcomes to the citizens and clients, and performs effectively, efficiently, and morally. Corporate

governance seeks to bring a trade-off between social and economic objectives and between individual and collective objectives. The framework of corporate governance was introduced to enhance the effective use of resources and obligate accountability for the use of the resources (International Framework in Public Sector, 2013). The general corporate leadership principles of insurance companies include impartiality, transparency, accountability, and risk management. Based on the impartiality principle, companies should implement equal treatment of all their beneficiaries (Banveidi, 2011). A dynamic corporate leadership system covers identifying and coping with risks, and the fulfillment of accountability, transparency, and impartiality for beneficiaries and shareholders is dependent on the proper implementation of risk management, particularly at insurance companies. Insurers are responsible for policyholders and should enable the fulfillment of policyholder rights primarily and the provision of the insurance benefits of the company owners secondarily (Jiraporn, 2015). An important point that should not be overlooked is that insurance companies are among the service organizations, which maintain close relationships with their clients by providing insurance services. Clients are the most important resource for service companies. And profitability of insurance companies undoubtedly hinges on clear analysis of client satisfaction and improved productivity of service providers. An important factor of client satisfaction with insurance services in insurance companies is short policy issuance lead time (Shakerin and Toloie Eshlaghy, 2020: 103). Article 44 of the Constitution of the Islamic Republic of Iran (Privatization Legislation) was applied to the insurance industry of Iran, and Iran Insurance Company remains the only public insurance organization. Today, Code 93 of the Supreme Insurance Council is the only corporate governance authority of the Iranian insurance industry. It was passed by the Supreme Insurance Council on April 30, 2017, based on

Clause 5 of Article 17 of the Foundation Law of the Central Insurance of the Islamic Republic of Iran. Code 93 involves the general and basic corporate governance principles of insurance companies in Iran. This code is mandatory to the entire insurance industry and companies of Iran. Apart from legislation frameworks, the ownership structure of a company influences the development of the corporate governance model. An ownership structure has two dimensions: ownership centralization and shareholder identities (Gholipour et al. 2016). The corporate ownership structure affects the corporate governance model. All corporate governance aspects relate to the ownership structure of the company either directly or indirectly. This only difference between Iran Insurance Company and other insurance companies in terms of corporate ownership questions the optimal performance of Code 93 for Iran Insurance Company. The present study seeks to develop a model to tackle this problem. Hence, this study essentially attempts to find a desirable corporate governance model at Iran Insurance Company.

Literature Review

The history of corporate governance began when management was separated from ownership, where the board of directors was assigned the author to make decisions in the organization as a distinctive set of shareholders, allowing for the establishment of joint-stock companies (Black, 2006). Corporate governance is an executive policy of the theory of good governance and influences company performance improvement and governmental financial system modification (Gholipour et al., 2016). Corporate governance describes the internal organizing and authority structure of a company, the task fulfillment of the board (in both single-layered and double-layered structures), the ownership structure of the company and the mutual relationships of managers, shareholders, and other beneficiaries, in particular the employees and creditors. It seeks to enhance

fairness, transparency, and accountability at the company (Hashi, 2004). The Organization for Economic Cooperation and Development (OECD) defines corporate governance as the trends and processes through which organizations are directed and controlled. The corporate leadership structure specifies the distribution of rights and responsibilities among different organizational actors, including the board, managers, shareholders, and other beneficiaries, and determines decision-making rules and procedures (OECD, 2014). Another essential aspect focuses on the impacts of corporate governance mechanisms on whether a company is a public or non-public organization. Public governance involves policies and procedures used to manage the activities of the organization in order to reasonably ensure that the achievement of objectives and the fulfillment of activities in a moral and accountable manner (Gholipour et al., 2016). In this respect, the main challenge is balancing the responsibility of the government for actively accomplishing ownership-related tasks (e.g., introducing and selecting members of the board) while avoiding unnecessary political intervention in the administration of the company. Another important challenge is to provide fair competition in the market so that private companies could compete with public companies. Many studies on the ownership type demonstrated improvements in the values of organizations that changed into private companies (i.e., public ownership into private ownership) (Boubakri et al., 2005). Thus, the impacts of corporate mechanisms on company performance seem to differ, depending on whether the company is public or private. In the design of corporate governance models, several components have been employed by researchers based on the capital structure, ownership structure, rules, and legal and cultural foundations in different countries. There are a number of credible international models for ranking, evaluating, and reporting corporate governance, as summarized in Table 1. There is no consensus on corporate governance components. However, there is consensus on a number

of components. Board effectiveness, board variety, and board composition are among the most important components. The Conference Board (2003) believed that the board of directors carries the responsibility for good corporate governance. Fama and Jensean (1983) argued that the board of directors is the most effective internal control mechanism to monitor the behavior of senior managers; monitoring could be implemented by the non-executive members of the board. Board independence has a positive influence on board efficiency. Hanife and Hadib (2006) analyzed 347 companies listed on the Kuala Lumpur Stock Exchange (KLSE) and demonstrated that companies at which the same person acted as the CEO and board chairman did not seem to perform as well as companies with a board chairman and a CEO. Brown and Caylor (2004) supported the belief that companies are of greater value when they have a distinct board chairman and CEO. The business laws of countries typically determine the minimum number of board members at companies. In Iran, Article 107 of the Modification Act of the Business Law enacted on March 15, 1969, determined the minimum number of board members at public companies to be five. Also, the United Kingdom Corporate Act 2006 obligated public and private companies to have a minimum of two and one board members, respectively. Brown and Caylor (2004) showed that companies with 6-15 board members had higher returns on equity and greater net interest margins than companies with different board sizes. Skill variety in terms of board members' knowledge and experience has been another topic of debate concerning the board structure and composition. (Erickson et al. 2005) reported that a board with higher financial and accounting knowledge would have more efficient monitoring of company management and enhance company value. Molaei et al. (2016) reported that the magnitude effect of engineering insurance on maintenance scheduling. Therefore, neglecting the importance of engineering insurance leads to an inefficient scheduling maintenance. Hejazi and Mokhtarinejad (2017)

indicated an inverse relationship between the expertise of board members and the probability of fraudulent financial reporting. Hsu and Petchsakulwong (2010) suggested that board independence and company size had positive, significant impacts on performance. However, auditing committee size and effort, board age, and board tenure term had negative impacts on performance. Miri et al. (2016) reported that the difference between policy holders' expectations and current level of quality of services in all dimensions of quality. Kaviani et al. (2018) studied the impacts of corporate governance on the efficiency of the insurance industry of Iran. They evaluated the board size, board independence, auditing committee size, financial knowledge, board ownership, board age, and company size as corporate governance components. They demonstrated that higher board independence in the insurance industry would result in higher performance at insurance companies. Thus, they argued that the independence of executive board members reduces the bargaining power of the non-executive members in proposing contradictory opinions to the others and prevents a negative impact of the non-executive members on the monitoring role and operational decisions of the executive members so that the executive members could be more efficient in decision-making. Filatchev et al. (2018) demonstrated that internal monitoring and external monitoring were influenced by ownership structures, and that monitoring had the largest contribution to corporate governance systems. Roth et al. (2016) investigated the factors of the separation of ownership from control. They found centralized structures and large shareholders could be influential by more extensive informing of the governance of companies, its relationship with development, and the contributions of institutions in these economies. Tang et al. (2015) showed that companies with greater institutional ownership attached greater importance to the performance of their CEOs and expect them to exhibit higher performance. Also, the geographical centralization of activities

increases the monitoring effectiveness of corporate governance. Naseri (2016) designed a good corporate governance framework for public economic organizations. They investigated the corporate governance framework of the public sector in Iran. They extracted corporate governance factors, including the stewardship process, board structure and composition, risk control, monitoring, and management, strategic leadership and behavior standards, capital structure and centralization, beneficiary management, transparency, accountability, and external reporting. In the design of corporate governance, Pakmaram and Lotfi (2018) utilized four corporate governance components, including the board size, board composition, CEO responsibility duality, and ownership centralization. They found that board effectiveness and board structure were the most important factors in good corporate governance. Shozari et al. (2015) evaluated the impacts of corporate governance on the financial performance of companies listed on the Tehran Stock Exchange. They demonstrated significant relationships between the presence of institutional shareholders, the number of non-executive board members, the board size, dual CEO responsibility, and company performance. Hejazi and Mokhtarinejad (2017) found that the presence of non-executive board members and institutional ownership had significant relationships with company performance. They also identified a significant relationship between dual CEO responsibility and company performance.

Method

The present study is applied and field research in terms of objectives and descriptive-survey research in terms of data collection. To realize the main variables of the study, the literature was reviewed, including theoretical foundations, models, and approaches adopted in previous Iranian and non-Iranian studies on corporate governance. The extracted factors were classified into eight open codes, based on which the interviews were designed. Since the

experts were required to be selected from those with sufficient experience and knowledge of public corporate governance, the present study selected academic professors, board members, and CEO at Iran Insurance Company, the managers, deputy managers, and board members of private insurance companies and Central Insurance of the Islamic Republic of Iran with work experience at Iran Insurance Company, and experts in the Ministry of Economic Affairs and Finance in the offices for communication with public companies. A total of 15 experts were selected using non-probability, judgment sampling. To improve the reliability of the findings, the interview protocol included the beginning of the interview, starting the subject, and asking the questions. The interviews were recorded under the moral principles of qualitative research after the informed consent of the interviewees was received. Then, the interviews were converted into texts, performing paragraph-by-paragraph open coding. After several reviews to identify the similarities and differences, the codes with shared content were integrated and named by a shared code that was more abstract than the initial codes. Then, axial coding was performed, including the classification of the codes into selective codes and the arrangement of the summarized data. The initial concepts were coded in the next stage into more abstract concepts for further consistency in the analysis and interpretation. In this stage, a total of 109 codes (sub-themes) were obtained in 12 categories (themes). The authors applied perceptional constructs and technical modifications obtained from the theoretical foundations. After some shifts between the concepts and categories, the most frequent category was identified in the interviews, which related all the higher-level categories. Once theoretical saturation was achieved, the core of the good corporate governance factors of Iran Insurance Company was generated.

Table 4.
Selective and Axial Coding

Core	Selective Code	Axial Code
Good Corporate Governance Model of Iran Insurance Company	Board effectiveness	Board structure and composition
		Board meetings
		Performance evaluation and accountability
		Internal governance
	Monitoring and risk management	Risk management and internal control
		External monitoring and monitoring department evaluation
	Transparency and disclosure	Disclosure adequacy
		Disclosure quality
	Beneficiary management	Social responsibility and moral standards
		Equal treatment of beneficiaries
	Ownership institution	Purposeful government ownership
		Ownership transparency

To calculate the reliability of the interviews, test-retest reliability was applied. Two of the interviews were selected and coded at two short and certain time intervals. In each of the interviews, the codes that were similar at the time intervals were marked as "agreement," while the dissimilar codes "non-agreement." The test-rested reliability of the codes at the time intervals was calculated as:

$$test - retest\ reliability = \frac{2 \times Number\ of\ Agreements}{Total\ Number\ of\ Codes} \times 100\%$$

The test-retest reliability of the interviews was obtained to be 91%. Since the reliability value was found to be higher than 60%, the codes were concluded to be reliable (Kvale, 1996). In order to find the agreement of the views of the experts by the Delphi method, a questionnaire with 109 items was designed based on the findings and the five-point Liker scale. The questionnaire was delivered to the fifteen experts. The average scores of the

items were calculated. Since no average score was found to be smaller than 3, the expert views were found to be in agreement. Thus, the Delphi process was discontinued, and the questionnaire was finalized. To evaluate the internal consistency of the questionnaire, Cronbach's alpha was employed. A total of 14 samples were selected, and Chronbach's alpha was obtained to be 0.96 in SPSS, suggesting adequate questionnaire reliability. In order to prioritize the good corporate governance components of Iran Insurance Company, the second statistical population consisted of 450 board members, executive board, provincial managers, and branch managers of Iran Insurance Company. The required sample size was determined to be 201 using Morgan's table. Thus, a total of 250 questionnaires were delivered, 210 of which were returned in the responded form. Once the data had been collected, the partial least square (PLS) method was applied to analyze the data in Smart PLS and SPSS.

Findings

To examine the normality of the data, the Kolmogorov–Smirnov test was exploited. It was observed that the data had a normal distribution. To evaluate the adequacy of the data, the Kaiser-Meyer-Olkin (KMO) sampling adequacy measure and Bartlett's test of sphericity significance were employed.

Table 5.

Reports the Results of KMO & Bartlett Test

Test result	Degree of freedom	Sig	Bartlett	KMO	Indicator
confirmed	6	0.000	1313.961	0.749	Quantity

According to Table 5, the sample adequacy size and sphericity significance were calculated to be 0.74900 and 0.000 in factor analysis in SPSS, respectively. This suggests that the samples were adequate for factor

analysis. The outputs of Smart PLS were analyzed in the form of the significance and structural graphs of the components. The inclusion criteria included a standard factor load below 0.5 and an absolute t-value smaller than the critical value of 1.96. In the examination of the model components, the variables that did not meet the inclusion criteria were excluded. Based on the results, four indexes of board effectiveness, four indexes of transparency and disclosure, two indexes of monitoring and risk management, three indexes of beneficiary management, and two indexes of ownership institution did not meet the inclusion criteria and thus were excluded. With 15 factors excluded, a total of 94 indexes were included in the model.

Table 6.
Final Model of the Study

Core	Component	Factor	Index	Sig.	Load
Good Corporate Governance for Iran Insurance Company	Board Effectiveness	Board structure and composition	Professional eligibility of the board members (optimal combination of experience, knowledge, expertise, and skills)	22.132	0.915
			Separation of CEO and board chairman	35.638	0.925
			Combination of executive and non-executive board members	18.714	0.906
			Board independence in decision-making	19.484	0.910
			Variety and number of board members	16.630	0.893
			Absence of beneficiaries in the board	18.874	0.910
			Proportion of the non-executive board members	16.166	0.868

Core	Component	Factor	Index	Sig.	Load
			Chairman and CEO selection by the board	13.964	0.838
		Performance evaluation and accountability	Presence of board members in meetings	22.203	0.856
			Number of board meetings in the financial year	20.679	0.848
			Meeting protocol and board minute	26.954	0.861
			Secretariat and distinct board employees	24.108	0.858
			Frequent, regular meetings of senior managers and board	14.592	0.768
			Board meetings with major investors and policyholders	12.092	0.729
			Dependence of board and CEO rewards on company value	14.495	0.801
			Mechanism of CEO responses to the board	10.989	0.732
			Mechanism of board responses to the general meeting of shareholders	22.345	0.863
			Strategic and operational plan of the CEO in the financial year	22.606	0.844
			Responsibility separation of the board of directors and executive board	22.345	0.816
			Board responsibility for company performance	18.001	0.770

Core	Component	Factor	Index	Sig.	Load
			Non-involvement of the board in the transactions that are competitive to the company	14.495	0.816
		Internal governance	Vision mission and company values	17.105	0.879
			Executive board eligibility	17.097	0.701
			Corporate governance instructions (to explain the company value system and board responsibilities)	19.248	۰/۷۳۹
			Business direction standards (business models)	11.097	0.769
			CEO authority delegation strategy	19.304	0.537
			Detailed organizational structure	16.607	0.538
			Board role in internal appointments	13.062	0.903
			Merit selection in the career ladder of employees	3.619	0.528
	Monitoring and risk management	Risk management and internal control	Risk management policy and an up-to-date database of potential and actual risks	34.098	0.871
			Independence of internal monitoring departments	51.825	0.885
			Professional eligibility of actuaries and internal auditors	68.295	0.937
			Periodical risk analysis reports to the board	42.108	0.908

Core	Component	Factor	Index	Sig.	Load
			Board role in the estimation and evaluation of technical reserves	32.732	0.854
			Optimal composition of specialized committees of Article 10 of Code 93	13.397	0.706
			Accountability of monitoring committees	15.548	0.936
			External experts in the compositions of monitoring committees	37.098	0.893
			Expert insurance and risk management systems	16.438	0.619
			Warning reporting of internal control departments to the board	39.177	0.901
		External monitoring and performance of the monitoring department	Regulation compliance department in the organizational structure and periodical reporting to the monitoring department	9.5041	0.704
			Role separation of legal auditing and inspection	18.647	0.673
			Accountability of the external inspector and auditor to the general meeting of shareholders	26.287	0.856
			periodical reporting of the external inspector and auditor to the board	17.065	0.774
			Accountability of the monitoring department for the	6.313	0.581

Core	Component	Factor	Index	Sig.	Load
			non-implementation of the rules passed by the supreme council		
			Specialized industrial auditor and inspector	12.567	0.747
			Mechanism of monitoring the enactments of the supreme council	16.313	0.807
			Continuous, direct communication of the external auditor with the board	17.376	0.816
			Interaction of the external auditor and inspector with internal control departments	15.202	0.528
	Transparency and disclosure	Disclosure adequacy	Disclosure of reserves	59.165	0.844
			Disclosure of financial statements	40.746	0.898
			Disclosure of future investment plans	30.927	0.863
			Disclosure of the reliable capacity	48.263	0.909
			Disclosure of the solvency ratio	39.294	0.895
			Disclosure of CEO salary and reward details	25.766	0.844
			Disclosure of accumulated losses and bad debts	49.324	0.910
			Disclosure of the list of major policyholders	53.586	0.913

Core	Component	Factor	Index	Sig.	Load
			Disclosure of the external monitoring departments of branches and their salaries	25.167	0.840
		Disclosure quality	Quality of annual reports involving the financial performance of the competitive position, operational risks, and other financial aspects	42.243	۰/۸۷۷
			An up-to-date English website (with a maximum lag of one day)	7.822	0.662
			Incorporating company performance in the implementation of corporate governance principles into the board report to the general meeting	20.619	0.815
			Board reporting to the general meeting on the internal control structure	30.912	0.872
			Updating the latest financial reports of the company on the website and other communication channels	21.942	0.844
	Beneficiary management	Social responsibility and ethical standards	Easy communication channels for the complaints and criticisms of policyholders	11.119	0.735
			Beneficiary reporting to the general meeting	17.895	0.804

Core	Component	Factor	Index	Sig.	Load
			Government's legal specification of services that must be provided by the company	46.776	0.890
			Covering beyond-business public service expenses	19.672	0.811
			Code of conduct	27.165	0.858
			Customer-oriented monitoring principles and regulations	11.671	0.738
			Mechanism of loss compensation and supporting victims	12.487	0.749
			System of respecting clients	13.839	0.776
		Equal treatment of beneficiaries	Availability of the company statute to all the beneficiaries	24.957	0.845
			Beneficiary satisfaction measurement	34.923	0.889
			Meritocracy in internal appointments	37.247	0.892
			Group discounts	11.225	0.752
			A representative of the sales network	57.628	0.922
			A representative of the employees	26.790	0.850
			Implementation guarantee of Code 71	27.556	0.613
			Beneficiary involvement in organizational profits	56.047	0.919
			Timely access to financial reports for all beneficiaries	11.225	0.857

Core	Component	Factor	Index	Sig.	Load
	Ownership	Purposeful governmental ownership	Efficient allocation of resources to maximize society value (public ownership for public interests)	22.329	0.864
			Written and approved ownership policy (including ownership reasons, government contributions to company leadership, and government responsibilities)	79.138	0.946
			Operational procedure standardization of public companies	38.899	0.910
			Providing fair competition between the public and private sectors	18.548	0.702
			A central department in the government for ownership policy-making	30.929	0.882
			A specified policy of public-sector ownership	11.467	0.729
		Ownership transparency	Clear definition of objectives at public companies (financial objectives, risk tolerance levels, and capital structure goals)	20.308	0.856
			A body to ask the general meeting for accountability (monitoring council) and to hold accountable to the upstream monitoring bodies	9.499	0.705

Core	Component	Factor	Index	Sig.	Load
			Absence of discrimination for public companies and equality in legal liabilities	19.554	0.811
			Approved instructions of the nomination, evaluation, and selection of the board members at public companies	22.837	0.832
			Protocol for holding the general meeting, an instruction for asking for accountability, and monitoring at public companies	15.873	0.549
			Non-intervention of the government in the daily management of public companies	9.527	0.717
			Policy for public disclosure and proper disclosure channels	18.802	0.803
			Regular interaction with the monitoring department	29.436	0.856
			Accountability mechanism of the general meeting	17.481	0.788

The fitness of the model was estimated by internal consistency and structural fitness. Internal consistency represents the consistency of a construct with the corresponding index. A larger explained variation of the structure and its indexes than the measured errors of the indexes suggests high internal consistency. In this respect, Cronbach's alpha was calculated to be greater than 0.7 for all the variables, suggesting acceptable reliability.

Furthermore, composite reliability, convergent validity (the Fornell-Larcker index), and discriminant validity were examined. The results are shown in Table 7, suggesting the strong fitness of the proposed model.

Table7.
Reports the Fitness of the Model

	AVE	Composite Reliability	R Square	Cronbach s Alpha coeffient	Communality
Board effectiveness	0.878437	0.892358		0.891765	0.878437
Monitoring and risk management	0.612343	0.879221		0.778228	0.611633
Transparency and disclosure	0.716386	0.877609		0.774393	0.736168
Beneficiary management	0.605072	0.866730		0.762902	0.605072
Ownership institution	0.600343	0.832280		0.780025	0.60318
Corporate Governance	0.596214	0.891819	0.781593	0.791505	0.596214

To evaluate the fitness of the structural model, the goodness of fit (GOF) index was obtained to be 0.7316, indicating strong fitness. To rank the components, Shannon entropy was employed; once the decision matrix had been completed, the criteria were weighted using Shannon's entropy. In this method, a criterion with higher dispersion for different alternatives receives a larger weight. Shannon's entropy is a common approach in multi-criteria decision-making (MCDM) problems.

Discussion and Conclusion

The inferential test results demonstrated that all five components of the model had direct, significant relationships with the good corporate governance of Iran Insurance Company. Table 8 reports the significance levels of the factors of the proposed structural model.

Table 8.
Reports the Significance Levels of the Factors

sing	Path coefficient		path
23.133	0.817	Corporate Governance	Board effectiveness
15.473	0.790	Corporate Governance	Monitoring and risk management
10.822	0.675	Corporate Governance	Transparency and disclosure
10.574	0.671	Corporate Governance	Beneficiary management
11.278	0.679	Corporate Governance	Ownership institution

As can be seen in Table 8, all the components have significant impacts on good corporate governance. In the ranking of the components of the corporate governance model, "board effectiveness" was found to be the first component with a weight of 0.161. "Monitoring and risk management" ranked second with a weight of 0.194. Furthermore, "ownership institution" and "disclosure and transparency" were found to be the third and fourth components with the weights of 0.205 and 0.210, respectively. Finally, "beneficiary management" ranked last. According to Table 1, board effectiveness was among the most frequent components in previous works, which is in agreement with the present study. In the good governance model of Naseri et al. (2016) and the corporate governance framework of OECD

(2014), board structure and composition were incorporated as a component. Other components of their models included transparency, beneficiaries, control, accountability, and stewardship. Their findings are in good agreement with the findings of the present study. Board effectiveness ranked first with a weight of 0.161 based on Shannon's entropy in the ranking of corporate governance components. Also, "monitoring and risk management," "ownership institution," and "disclosure and transparency" ranked second, fourth, and third, with the weights of 0.194, 0.205, and 0.210, respectively. The component of "beneficiary management" was found to be at the last rank in the good corporate governance model of Iran Insurance Company. Based on the weights of the components, board effectiveness was found to be the most important component of good corporate governance at Iran Insurance Company. Kaviani et al. (2018) demonstrated that corporate governance had a direct, positive influence on the efficiency of insurance companies. Fama and Jensean (1983) argued that the board of directors was the most influential mechanism of internal control for monitoring senior managers. This monitoring could be implemented through non-executive board members. Board independence is a factor that positively affects the efficiency of the board. Based on the business law in Iran, the statute of a company is the basis for the effectiveness indexes of the board. The statute of Iran Insurance Company lacks the most important factor of good corporate governance, i.e., the role separation of the chairman and CEO. The board size should be in compliance with the business law of Iran; however, this law does not consider the public ownership and extensiveness of Iran Insurance Company. The non-separation of ownership responsibilities, the absence of transparency in decision-making and management (i.e., CEO and board responsibilities), and the lack of a transparent protocol of board member selection and CEO appointment at Iran Insurance Company are factors that influence the

efficiency and effectiveness of the board. Among the factors of the model, board structure and composition received a weight of 0.028063 and found to be the most important factor. Also, "external monitoring and monitoring department" and "ownership transparency" were identified to be the second and third most important factors with the weights of 0.035549 and 0.036796, respectively. Pakmaram and Lotfi (2018), Shozari et al. (2015), Lim et al. (2007), Khalili et al. (2015), Kaviani et al. (2018), and Hsu and Petchsakulwong (2010) demonstrated the great impotence of board structure and composition and it's the corresponding indexes. Among the indexes of board structure and composition, the role separation of CEO and chairman showed the highest weight. This was demonstrated by Hanife and Hadib (2006) and Brown and Caylor (2004). Fama and Jensean (1983) showed that the non-separation of the chairman and CEO positions due to the lack of effective control and decision-making independence would lead to the abuse of authority and pose a negative impact on company performance. The professional eligibility of board members was found the second most important index of the "board structure and composition" factor. Erickson et al. (2005) and Hejazi and Mokhtarinejad (2017) suggested the importance of the expertise and eligibility of board members in the board composition. The top indexes of the factors were found to be "the separation of legal auditor and inspector responsibilities," "independent of monitoring departments," "disclosure of financial statements," "beneficiary satisfaction reporting," "board minute protocol," and "executive board adequacy" with the weights of 0.038354, 0.058680, 0.38349, 0.003286, 0.051868, and 0.01025, respectively. Today, the statute of Iran Insurance Company lacks a separation of CEO and chairman responsibilities (Note1, Article 11). Also, the legal auditor and inspector serve without separate responsibilities in the auditing organization (Article 16). It was found that the separation of CEO and chairman

responsibilities had the highest weight among the other factors. The separation of legal auditor and inspector responsibilities had the highest importance among the "internal monitoring" indexes. Since the statute of Iran Insurance Company lacks both separations, it is suggested that the feasibility study of these separations in the company's statute is conducted. Considering the weight of board effectiveness in the good corporate governance model, the development of a protocol consisting of the tasks and responsibilities and the instructions of board accountability and performance evaluation are in the authority domain of the owner institution. However, Iran Insurance Company can develop a board meeting protocol, separate the executive board's and board of directors' offices, provide board training, and improve the accountability of the executive board toward the board of directors in order to evaluate the performance of the executive board, leading to improved board effectiveness. Concerning the enhancement of risk management and internal monitoring, it is suggested that instructions are developed to evaluate all types of risks, including credit, market, human resource, and financial risks, and provide periodic risk analysis reports to the board. Given the weight and rank of the "beneficiary satisfaction report" factor, it is suggested that the company adopts a mechanism based on the position of external beneficiaries (i.e., policyholders, representatives, and brokers) to annually measure and communicate beneficiary satisfaction in the form of target groups to the board. Based on the findings, it is suggested that further studies are conducted on the corporate governance components of private insurance companies via the approach of the present study. The extraction of a standard corporate governance model for private insurance companies would help rank such companies based on corporate governance factors and improve transparency in the insurance industry. It is recommended that future works conduct feasibility studies in this respect. Future researchers are recommended to

develop a standard protocol of corporate governance principles for all public companies. The results of the present study (coefficients and factors) can also be utilized to measure the current corporate governance utility level of Iran Insurance Company.

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