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Factors Affecting the Formation of Shadow Economy (Importation of Goods) in Rural Areas of Iran

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Abstract

The economic situation of every village is affiliated to the function of the existing economic sectors in the village (agriculture, industry, services). This article is derived from the field study (case study) in villages in the central part of the Lamerd in the southern province of Fars, in terms of nature, is a kind of exploratory investigation and benefiting from scientific methodologies and using a questionnaire and interview, seeks to find a reasonable solution and answer why and how to expand the formation and activity and its effect on the process of development in the villages of the study. Volume of the sample, according to Cochrane, including 156 families who have been chosen by random sampling method. Results show that the main factors which caused the emergence of this kind of employment and increasing prosperity in the region, can be key factors, including the former and current migration of the inhabitants of the region, to the Persian Gulf countries and high revenues from the employment of people in those countries, appropriate spatial- regional location appropriate access roads and transit routes and the proximity to the south of the country 's booming country and commercial, including Assalouyeh Ports, Bandar Abbas and Bushehr pointed out.

Keywords: Rural migrants; Situation of Local-Space; Imported goods; Shadow economy; Iran.

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1. Introduction

1.1. Statement of the problem:

Economic situation in any village depends on the performance of its economic sectors in that village (agriculture, industry, services). This would be possible in light of optimal combination of manufacturing power of that area, and it is possible that a rural area has more production capabilities compared to other villages. Therefore, paying attention to production capabilities and making them efficient, create a suitable ground for economic efficiency (Namdar, 2009: 7).

Accordingly, many villages of Iran were evacuated and abandoned because of inefficiency of their economies (Motiee Langroodi, 200: 68). Today, free trade, marketing and attracting more customers are among the factors which are effective in economic growth and development, as in many governments, the international trade is treated as a major part of macro-economic policies (Kohneh Poshi & Shayan, 2013: 52). In economics, the illegal and secret import or export of goods into or out of a country is called smuggling. Basically, smuggled goods are brought into a country through its border areas, and then distributed throughout the country; therefore, the borders of a country are extremely important (ibid: 53). Discrimination and inequality in benefiting from revenues and job opportunities is the main issue that people living in border provinces are dealing with and has given way to poverty, emigration and smuggling (Ma'somi & Ghasemi, 2099: 9).

After 1970s, emigration has turned to a socially important phenomenon, to the extent that the number of Iranian emigrants going to Europe has drastically increased (Vosoughi & Hojati, 2013: 24). The Iranian emigrants primarily head to developed and rich countries of the world. According to the World Bank, top 10 destinations of the Iranians emigrants are the United States, Qatar, Canada, Kuwait, Germany, Israel, Britain, Sweden, the United Arabic Emirates and Bahrain (World Bank, 2011). When we study this issue in the international arena, we find that it is less than a decade that many ideas and perspectives in the field of migration tends towards a positive attitude to this phenomenon. In addition, many immigrant sending countries, including Mexico, the Philippines, Turkey, Ghana, India, etc., seek appropriate strategies to take advantage of this phenomenon. Therefore, the recent approaches towards immigration focus on its positive development effects, and in some perspectives, immigrants are viewed as the participants in the development of a hometown (Vosoughi & Hojati, 2011: 37). Although there are many reasons for immigration, studies show that social and economic incentives are the most important reasons behind immigration (Shahnaz, 2010: 61). The flow of revenues migrants repatriate to the villages of origin, not only play an important role in the balance of payments, but also it is effective in rapidly reducing the impacts of poverty (De Hass, 2006: 566).

Experimental research on rural livelihoods have proved that internal and international migrants, retain their ties with the community of origin, even after migration (De Haan and Mcdowell, 1997: 1). From long times ago, exchange and bartering have been common among different countries. As a result of modernization and diversification in products and strengthening of the borders between countries, the taxation on goods has received more attention. Perhaps, even in the past, there were individuals who sought more profits through evading taxes and imported their goods illegally. The massive development in transportation and communication have significantly increased the smuggling. Illegal economic activities, including smuggling not only affect a country's economic system, but also strike heavy blows to it, and have substantial impacts on the socio-cultural body of the community. Lamerd County is not an exception. It is the most southern point of Fars province, which is bordering Hormozgan Province and parts of the coastal strip of the southern borders of Iran. As the southern part of Lamerd County has a short distance from maritime borders, and much of the economy of the regions is affected by migration of people to the Persian Gulf states in past and present. This migration is mostly seasonal, and the migrants repatriate a part of their income to these areas in a variety of ways. For instance, through purchase and import of various goods by unofficial channels to evade the customs duty and tariff. Deh Sheikh commercial area in central district of Sigar in Lamard County is one of these areas that today it is known as the main dock in the southern Iran, especially in the southern regions of Fars province, as today it is known as the economic hub of southern Fars province. Chic shops and multi-story malls are constructed at two sides of the streets which do not look like a village. As one goes into these malls, he or she finds a variety of foreign goods and products, and these stores are organized with such a high internal discipline and management that one has no problem in selecting a product; one almost finds what he normally may need. In fact, this broad market has not only gone beyond many major markets around the country, including Lamerd, Mehr, Eshkanan, Galeh-dar, Shiraz, etc., but also has attracted many customers from all over the country thanks to its excellent reputation. A major part of the goods in these malls are supplied through smuggling and then they are sold to the rest of the country. Accordingly, the main questions of this study is “how such small villages can have such an economic prosperity and achieve such a high trans-regional efficiency? What are the main channels for importing these goods? Have the access to open southern waters made way for this economic boom?”

1.2 Review of literature

A number of researches have been conducted about illegal economic activities, but no such a study has been conducted about its development in Lamerd County, which is also one of the

limitations of this study, as data collection would face some difficulties. The following lines are a summary of studies conducted in this field:

Table 1. Literature Review

Research title	Author	Year published	results
The Border Effect in the Japanese Market: A Gravity Model Analysis	Okubo	2004	This paper uses a Gravity Model to analyze the border effect in the Japanese market. The results suggest that the border effect in Japan is much lower than in the United States and Canada, and has declined year by year between 1960 and 1990.
Economic effects of smuggling on border counties: A case study of Marivan County	Kohneh Poshi & Shayan	2013	This study examines the significant and positive effects of smuggling on employment and income of the residents in Marivan County as well as the impact of smuggling on other economic sectors in the region.
Migrants Smuggling	Tamura	2010	This study introduces an analytic model for the issue of 'smuggling by migrants' and examines the migration incentives and 'the supply and demand' for smuggled goods.
An analysis of international migration of labor in the Philippines	Agboola et al.	2010	Unemployment for people with low literacy and population density are the main causes of migration in the Philippines: besides, the political instability also has a negative impact on the migration of the Philippines.
Income generation process and its role in rural-urban migration to Sabzevar County	Anabestani et al.	2011	Most of the migrants to Sabzevar County were in the age groups that can work and have migrated with their families. After the migrants moved to Sabzevar, their income level has increased, to the extent that 69.2 % of migrants before migrating to Sabzevar had an income of less than 30 USD per month (in 2006), but after migration only 32.8 % of them had such a low income.
Job consequences of rural migration to Arab countries, (A case study of central district of Larestan)	Bostani & Javani	2014	Repatriated revenues of rural migrants working in Arab countries have been effective in raising income and welfare level of rural households. On the other hands, although international migration for rural households had positive economic effects on rural households, it has had negative social consequences for rural households that should be taken into account in international migration process.

2. Theoretical Framework:

Since long times ago, there were many relationships between urban and rural area: including spatial mutual relations and cross-sectoral relations. In spatial mutual relations, the flow of population, goods, money, information, wastes are developed. But in cross-sectoral relations, the rural activities are conducted in urban areas and urban activities take place in rural areas (Taherkhani, 2004: 89). Some researchers also believe that these relationships include the natural relationships, people, food, money, ideas and culture (Lynch, 2007: 22). Spatial differences in economic opportunities leads to manifestation of different abilities in every area. Therefore, immigration is a response to these differences. Accordingly, immigrants seek locations where they can find good job opportunities with high payments. Therefore, the areas where the risk of unemployment is low, receive their attention. Immigration is a function of differences between the actual amount of wages, employment or unemployment (Hunt L, 1993: 341). Various studies have been conducted about the relationships between migration and development in the form of migration- development. (McKinley, 2003: 2). Migration is

an issue discussed from different perspectives, and in various schools of thought. Some theorists, such as De Haas believe that most of the migration theories do not provide a comprehensive insight into the effects of migration on development, particularly its impact on developing countries, and only gives some information about its heterogeneous and eclectic effects. Some people such as functionalists, the development-oriented individuals believe it is a positive and effective phenomenon contributing to development, (De Haas, 2007: 3) and neoclassical and modernization theorists. However, there are many schools and theorists who oppose the idea of immigration and reject it as a negative phenomenon (such as Neo-Marxists, pro- affiliation school, and advocates of world-systems theory), to the extent that they argue that immigration is the main reason behind many problems. In many basic concepts of immigration, it is important to take into account balance and lack of balance. In view of the theories arguing for the lack of balance, migration is the result of lack of balance between regions (Vosoughi & Hojati, 2012: 27). In literature of the late fifties and early 60s in the works of Lewis, Todaro, Lewis-Fei-Ranis, Harris and Stiglitz, economic structures are introduced as the main reason for rural-urban migration. In studies conducted in those days, which are now frequently cited, with emphasis on balanced regional policies, immigration is believed to be rooted in the lack of balance between different areas (Taherkhani, 2002: 45). In the first step, through immigration and witnessing the modernization in other countries, migrants realizes the worrying social, economic and political conditions in his hometown and eventually transfers to his hometown the skills and information he has learned in the destination.

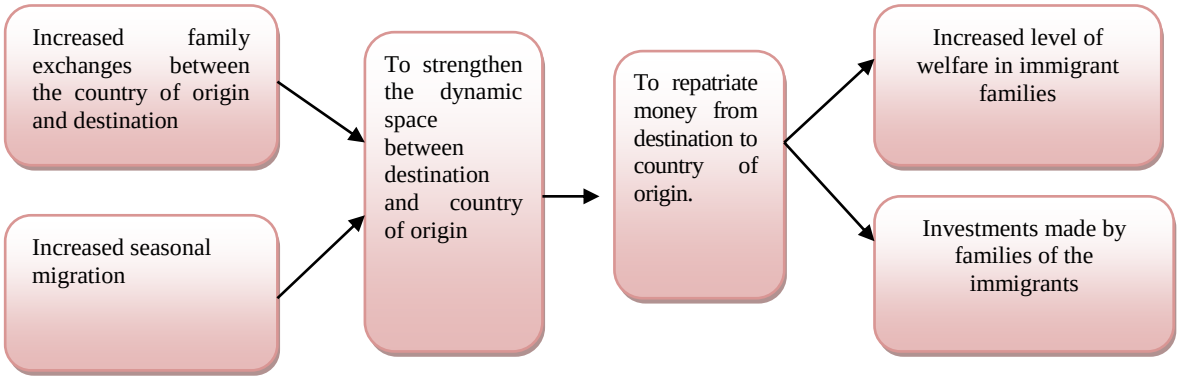


Figure 1. Steps in exchanges of immigrants

(Source: Research findings, 2015)

The second step involves increasing the exchange between different areas of immigration. Movement and travel of relatives and friends to where workforce has found a job, will expand such dynamic spaces of immigration. But this is not enough. The number of people involved in migration should be high enough to form such a high level of dynamics for the immigration system. When the ties between countries of origin and destination are strong enough, collective investments in the countries of origin will substantially increase, and finally in the third step the immigrants would launch great economic projects. This step could be depicted in the following chart. (Vosoughi & Hojati, 2012: 30)

Therefore, from the perspective of developers, repatriates are described as the important agents of change, innovators and investors. The repatriates can greatly contribute to their own developing countries through the flow of financial gains, experience, skills and knowledge they have acquired. Repatriates are expected to make huge investment in their homeland, as they may have accumulated a fortune. (De Haas, 2007). However, sometimes the investment of immigrants, especially in the border areas have a different result. Some of these immigrants who repatriate their capitals to their homelands, are the same unemployed forces of rural or urban areas that have come back without any expertise in a manufacturing investment in their homelands. That is why parts of the investment may go back to destination countries of migration to be used at the former occupation and a part of that would remain stagnant in the homeland. But due to the differences in exchange rate on both sides of the border and high value-added of goods, some of these immigrants turn to importing goods and cross-border transactions. Development of cross-border transactions could be a good stimulus for increased official exchanges, economic prosperity, increased cooperation between regions, development of regional markets, stabilized prices, and increased employment, income and welfare of the people living in border areas. (Mahmoudi, 2005: 117-118). There is no doubt that high economic deprivation and unemployment rate in border regions have tremendous effects on illegal crossing of the borders, smuggling and other security issues in border areas. Smuggling is actually a way to evade paying tariffs which constitute a serious threat to free trade. Smuggling is not exclusive to Iranian economy; however, it should receive undivided attention due to special geographic conditions of Iran for import and export of goods, and lack of stability in neighboring countries (Alam al-Huda, 2005: 5). According to the research, security and the economy in border areas with a high correlation coefficient have a direct and bilateral relationship with each other. In other words, economic development and security, have bilateral influence on each other in the border areas so that each step in the process of economic development, will have a direct impact on the realization of security and vice versa (Zarghani, 2007: 191). As livelihood of people has been the most important task of the government; therefore, the employment policies to prevent growth of unofficial economic activities i.e., smuggling are quite essential.

3. Study area

Lamerd County with an area of 4035 square kilometers is located in longitude of 52°-53' and latitude of 28°-37' degree in the southern end of Fars province, it is bordering Larestan to the North, and Hormozgan province to the South and East. It is also bordering Mehr County and Bushehr province in the West. In Iran’s national administrative divisions, Lamerd County includes three Bakhsh and Seven rural districts (Dehestan). The central Bakhsh is comprised of the rural districts of Humeh, Sigar and Chah-varz. The commercial area of Deh Sheikh (including villages of Deh Sheikh, Sigar, Chah Sheikh, Jerry and Kareh Moche) is situated in the central Bakhsh and rural district of Sigar, not far from Assaluyeh and the southern open

waters. According to the latest census of the Statistical Center of Iran, the area has a population of 4467 people in 1124 Households (Statistical Center of Iran, 2011). Suitable spatial features of the villages, including short distance to southern open waters, and access to traffic and transit routes of the country have led to good position of the village in the area, especially in the last few years, as it has had very favorable economic outcomes for the region.

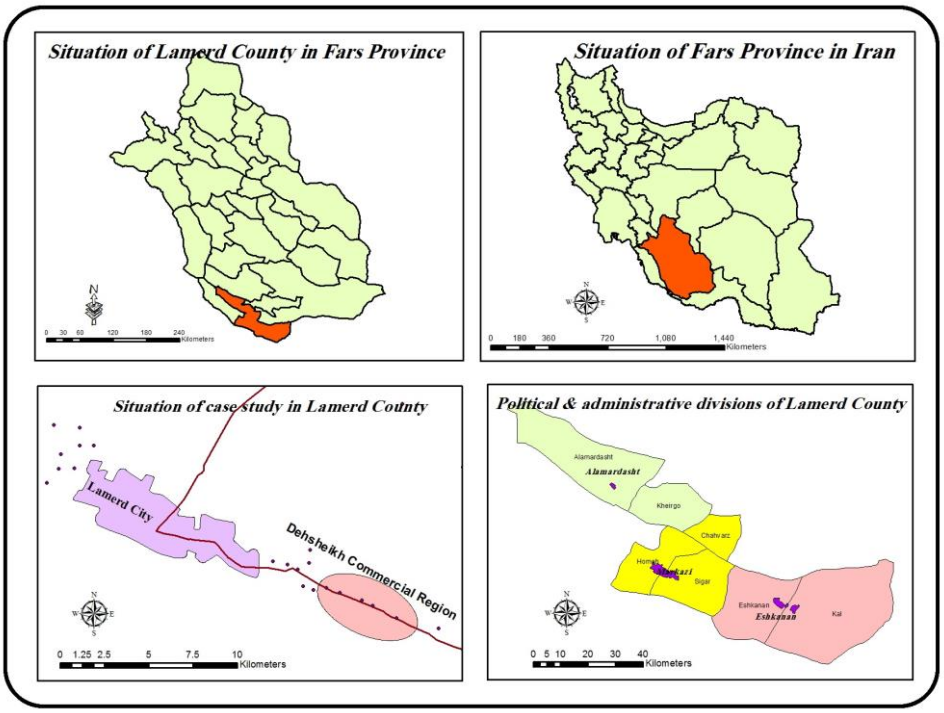


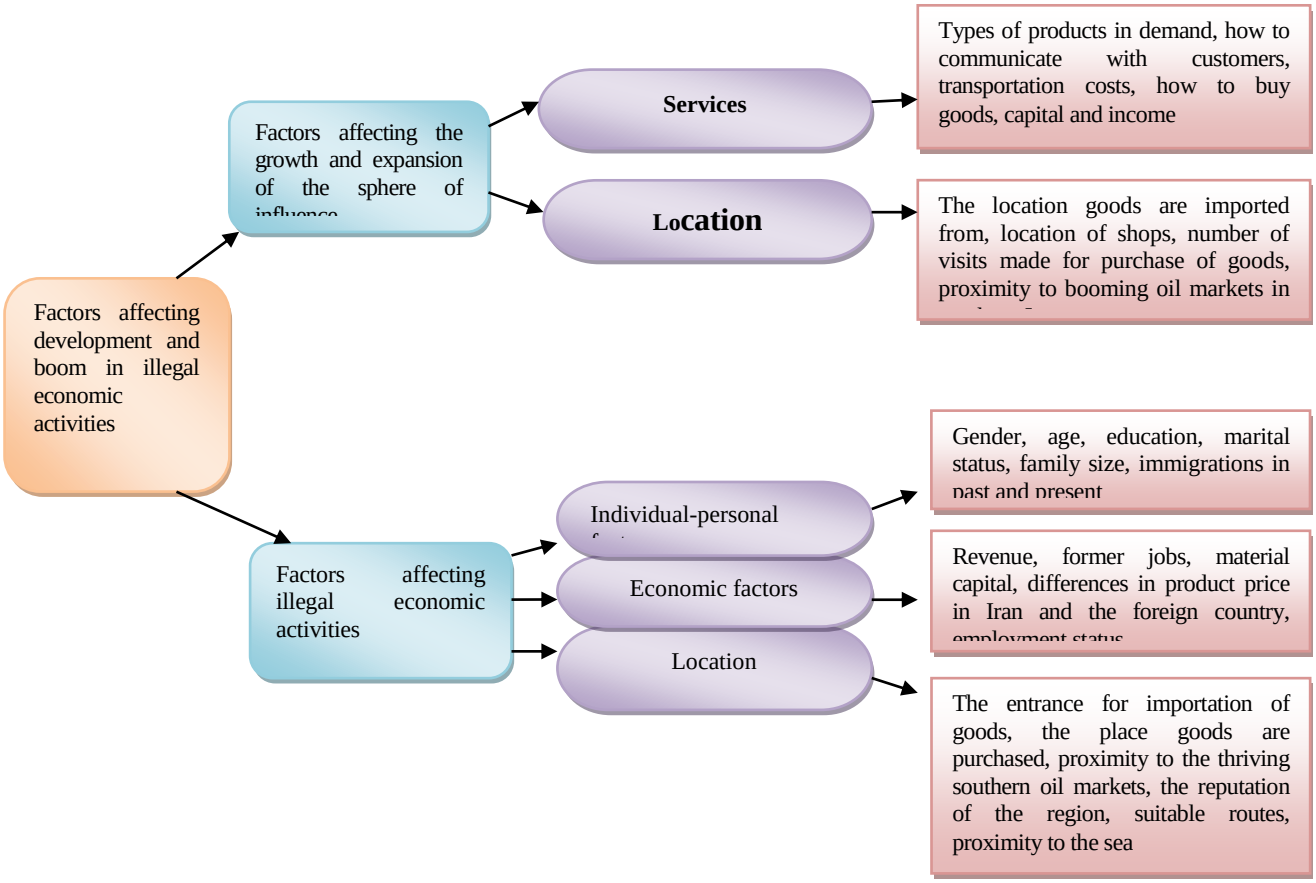
Figure 2. Location of the study area

(Source: Research findings, 2015)

4. Research Methodology

This study is an applied one conducted in a descriptive-analytical method. Actually it is an exploratory research benefiting documentary and survey methods. In documentary method, using the information in library resources and field works, the data are shown in charts and tables, then the results are presented. In analytical methods (statistical analysis), according to the desired dimensions, some indexes are identified, and some indicators are introduced for each index of the research or for any independent variable that matches the study**.** To recognize the factors involved in development and growth of this activity in the villages of the study, two types of factors are identifying. Each of these factors are divided into indexes, and each index is divided into more detailed items. The remarkable point about these factors is that a bunch of factors initially and directly make way for development and spread of this phenomenon. In addition to these factors, later on some other factors have played a role in growing development of this activity, and expanding the scope of its trans-regional influence and effects. The population of the study included all the heads of rural households who were a

major importer of illegal goods in the region, and their main source of income was smuggling. Based on the number of base population and those involved in these activities, and according to Cochran formula, 156 questionnaires were filled out by households living in two villages of the study area. The total number of households was 1124. The reliability based on Cronbach's alpha was confirmed with a value between 0.79 - 0.87; to analyze the data, we used correlation tests (Spearman, Pearson chi-square test, Cramer's intensity factor, and Friedman



test) in SPSS software.

Figure 3. Conceptual model of the study

(Source: Research findings, 2015)

5. Results

5.1. Participants' personal characteristics

Statistical analysis conducted on the data of the study about the individual characteristics of the participants produced the following results: 85.3 % of the participants were men and 14.7 % were women, out of which, 81.4% were married, and 18.6 % were single. Among the married ones, 67.9% were men and 13.5 % were women. According to the survey on the number people in every households of the study, 19.9 % of households have less than 4

members, 64.7 % of the households have 4 to 6 members, and 12.9 &% of households have more than 7 members.

Table 2. Size of participants' household

Number of households	Frequency	Percent
1- 3	31	19.9
4- 6	101	64.7
7- 9	19	12.2
+ 10 People	1	0.6
No reply	4	2.6
Total	156	100

With regard to education level of participants, the results show that 7.1 % of participants were illiterate, and 92.9 percent were literate. The interesting point found from the comparison of the age and educational level of the participants, was the point that in the age group under 40 years old, there was no illiterate people or someone with elementary education, and more than 48% of participants had a high school diploma or higher levels of education. This shows that in recent years' families have paid much more attention to the education and training of their children, the results also show that the more the age, the higher the number of illiterate people, to the extent that among participants who were 50 and over, they were at best just able to read and write.

Table 3. Education and age of the participants in the study area

Age	Education level					
	Illiterate	Just able to read and write	Junior high school	High school Diploma	BA and higher	Sum
10-20	0	0	0	3.2	0	3.2
20-30	0	0	3.2	30.1	4.5	37.8
30-40	0	2.6	14.7	8.3	1.9	27.6
40-50	0	7.7	10.9	0	0	18.6
50 +	7.1	5.8	0	0	0	12.8
Total	7.1	16.0	28.8	41.7	6.4	100

According to research findings, one of the most important factors affecting the formation of unofficial economic activities in the study area, was the immigration of individuals to the Persian Gulf states. This process began decades ago and has continued up to now. To the extent that, out of total participants, 80% have had an emigration experience, and 19.2 5 have never emigrated. Of those who have emigrated, more than 58 % have lived as an emigrant from one to six years, and 9 % of them were migrants for more than 6 years. In relation to the incentives for immigration, more than 80% of them reported that their main incentive to migrate was

employment and income. The most important jobs they were employed in were: driving, laboring, shop keeping, and so on. The main destination of most of these immigrants were Persian Gulf countries, including the United Arab Emirates (Dubai), Kuwait, Qatar and Oman.

Table 4. Immigration status of people living in the villages of the study area

Job in migration destinations	Incentives and purpose of immigration	Years spent in migration				Sum %
		1-3 years	3-6 years	6-9 years	10+ years	
Driver	Employment and income	-	17.9	42.9	32.1	92.9
	Tourism and making visits	-	3.6	-	-	3.6
	Education and training	-	3.6	-	-	3.6
	Total	-	21.4	46.4	32.1	100
Shopkeeper	Employment	22.7	22.7	36.4	13.6	95.5
	Tourism and making visits	-		-	-	4.5
	Total	22.7	27.3	36.4	13.6	100
laborer	Employment	-	2.9	85.3	8.8	97.1
	Tourism and making visits	-	-	2.9	-	2.9
	Total	-	2.9	88.2	8.8	100
Others	Employment	-	-	45.5	4.5	100
	Total	-	-	45.5	4.5	100
Total	Employment	5.3	11.6	56.8	22.1	95.8
	Tourism and making visits	-	2.1	1.1	-	3.2
	Education and training	-	-	1.1	-	1.1
	Total	5.3	13.7	58.9	22.1	100

As the results show, between all components related to personal and behavioral index which are of factors affecting the development and growth of this type of activities in the area, according to Chi-squared test at the confidence level of 95 percent, there is a completely significant relationship. The highest ordinal mean belonged to the items of age (2.89) and education.

Table 5. Chi-squared test to measure the correlation between components of the individual index and primary occupation

components of individual index and primary occupation	Ordinal mean	Value of Chi-squared test	Significance level
Age	2.89	82.369	0.000
Gender	1.26	42.285	0.000
Marital status	1.17	76.475	0.000
Education	2.19	99.073	0.000
Number of family members	1.90	179.171	0.000

5.2. Economic features (employment and income) of the participants

5.2.1. Employment status:

Another independent variable affecting the formation and expansion of illegal importation of goods in the study area is the economic factor which is examined in an index (economic index) and several items. The data indicate that the spread of illegal economic activities in this area, in addition to their problems, have some advantages for a large group of villagers, such as creating new job opportunities and income for rural people, especially for workers and landless rural people. Besides, due to the high profitability of this activity, it is highly popular among the youth of these rural areas. Creation of new job opportunities in rural areas, in addition to income generation has some positive psychological effects on the livelihood of the villagers, and prevents the rural-urban migration, especially among the youth. The findings indicate that in addition to men, women in rural areas of the study prefer to work as a shop keeper, as this job has had the highest frequency among the women.

Table 6. Gender and primary occupation of the participants

Gender	Primary occupation					
	Sale	Agriculture	Animal husbandry	Laboring	Other	Total
Male	67.3	0.7	-	14.1	3.2	85.3
Female	14.7	0	-	0	0	14.7
Total	82	0.07	-	14.1	3.2	100

In addition, among the heads of households whose primary occupations were related to importation of goods, 89.1 % were already employed, 3.2 % were unemployed, 3.2% were unemployed, and 7.7% were disabled. Nevertheless, these people are often the owners of shops and are unable to work, and give their capital to others (their children) to do business with.

Table 7. Employment status of heads of rural households

Employment status of heads of households	frequency	Percent
Employed	139	89.1
Unemployed	5	3.2
disabled	12	7.7
Total	156	100

The comparison between current and former jobs of the participants shows that more than 50 percent of people who are engaged in product sales, used to work in immigration destinations (Emirates, Dubai, Kuwait, Qatar and Oman), from which they get most of their goods.

Table 8. Comparison of current and former jobs of heads of household in the villages

Former job	primary occupation					
	Sale	**Agriculture**	**Livestock**	**Proletarian**	**Other**	**Total**
Employment abroad	56.2	-	-	-	-	56.2
Employment in Iran	22.3	0.8	-	16.9	-	0.40
Employment in both counties	-	-	-	-	3.8	3.8
Total	78.5	0.8	-	16.9	3.8	100

5.2.2. Income level

In terms of income level of households working in the field smuggling as the main activity, smuggling is the main source of income for villagers. Due to severe climate conditions of the region such as very hot and dry weather, other jobs including laboring and farming have not prospered. The income earned from these activities are variable between a minimum of 170 USD per month for workers in shops (women) to a maximum of 5000- 6500 USD per month (especially in good weather seasons and days before Nowruz holidays).

Table 9: Comparison of income earned from primary occupation and sale of goods

Income (USD)	Sale of goods	Agriculture	laboring	Other	Total
170	7.1	-	3.2	-	10.3
170-5000	13.5	0.6	9	3.2	26.2
5000-8500	14.7	-	1.9	-	16.7
8500-11500	28.2	-	-	-	28.2
11500+	18.6	-	-	-	18.6
Total	82.1	0.6	14.1	3.2	100

As the results of the chi-square test show, there is a positive and significant correlation between the primary occupation and income of the villagers. In other words, if they expand their so-called business, the amount of their income would also increase. Thus, we can say that if the individuals' income rises, they would bring more assets into the market.

Table 10. Chi-square test - to measure the correlation between the primary occupations and income of the villagers

Chi-square test	The primary occupation and income
correlation coefficient	52.686
Degrees of freedom	12
Error rate	0.000

5.2.3. Capital

To evaluate the amount of capital a rural individual has, first we calculated the approximate value of a rural households' properties such as: telephones, refrigerators, cars, satellites and other facilities through standardization as a general index called "facilities and capital" and then analyzed it. According to Spearman correlation test in the confidence level of 99%, there is a positive and completely significant relationship between three variables of 'physical capital, income level and primary occupation'. Therefore, as employment (unofficial economic activities) increase, the amount of capital and households' income would also increase.

Table 11. The results of Spearman Correlation test to measure correlation between the primary occupation, income level and capital

Variables	Spearman test	primary occupation	income	capital
primary occupation	Correlation coefficient	1	0.457**	0.575**
	Error rate (Sig 0.0000)	0	0.000	0.000
Income	Correlation coefficient	0.457**	1	0.457**
	Error rate (Sig 0.0000)	0.000	0	0.000
capital	Correlation coefficient	0.575**	0.476**	1
	Error rate (Sig 0.0000)	0.000	0.000	0

As the table below shows, with an error rate of less than 0.01, there is a completely significant relationship between all components of the economic index affecting the expansion of unofficial economic activities in the region. The items of the immigration status of people with the highest mean (3.28), the amount of income (3.19), capital (3.11) and former job of

the heads of households (2.46), have had the greatest influence on formation of this activity in the region.

Table 12. Chi-square test to measure the correlation between the primary occupation and income level

Components related to economic index	Ordinal mean	Value of Chi-square test	Significance level
Former job of the heads of the households	2.46	67.149	0.000
Immigration status of the individuals	3.28	68.832	0.000
Income	3.19	17.341	0.000
capital	3.11	82.754	0.000

5.3. Areas of providing services and expansion of this activity:

Several years after development of this activity in the study area almost within 5-6 years, due to expansion of its sphere of influence, the villages of Deh Sheikh and Sigar are now one of the booming commercial areas not just in Lamerd county or Fars province, but also in the neighboring provinces in southern Iran. To the extent that it is now competing free-trade zones of Qeshm, Kish, Chabahar etc. In a way that it is much cheaper to buy from this area than Qeshm, Kish and other neighboring ports, as they do not pay tariffs and customs duty. Accordingly, many customers from all over the country come to this area to buy the goods they need. A variety of factors are involved in expanding the sphere of influence, including proper spatial and local positioning, as well as services provided in this area. In this part of the study, we try to review these indexes and discuss their relevant items.

Table 13. Chi-square test to measure the correlation between items related to local-spatial index

Items related to local-spatial index	Ordinal mean	Chi-square test	Significance level
Location where goods and commodities are purchased	1.17	218.954	0.000
Visits to the destination countries to supply goods	1.79	42.393	0.003
Entry of goods and commodities	1.12	224.199	0.000
Shipping and handling costs	2.14	77.841	0.001

As the results of Chi-square test on the correlation between other items related to local-spatial index show, there is a significant relationship between all relevant items with a confidence level of higher than 95 percent, and the cost of shipping and handling of the goods with the highest ordinal mean (2.14) among the other items, is the most influential factor.

Table 14. Chi-square test to measure the correlation between items related to the scope of services

Components of the services	Ordinal mean	Chi-square test	Significance level
Type of products in demand	1.91	121.748	0.000
Number of stores in the area	1.10	96.960	0.002
The ways goods are bought	1.17	209.192	0.000
Income	3.19	17.341	0.002

Among the components of the service area, earning higher income has had the greatest impact on the development and boom of the malls. In other words, the owners of the goods, due to earning large sums from this job, have a greater interest in macro level investment, business reputation and making much more efforts to expand the scope of one's sphere of influence.

Table 15. The correlation between items related to other main variables using Spearman test

Variables	Spearman test	Primary occupation	Where to buy the goods	Providing services	Product Types	Entry for importation of goods	Handling costs
Primary occupation	Correlation coefficient	1	0.516**	0.695**	269	0.561**	0.420**
	Error rate (Sig 0.0000)	0	0.000	0.000	0.000	0.000	0.000
Place the goods are purchased	Correlation coefficient	0.516**	1	0.327**	0.246**	0.623**	0.357
	Error rate (Sig 0.0000)	0.000	0	0.000	0.003	0.000	0.000
services	Correlation coefficient	0.695**	0.327**	1	0.366**	0.361**	0.322*
	Error rate (Sig 0.0000)	0.000	0.000	0	0.000	0.000	0.000
Product Types	Correlation coefficient	0.269**	0.264**	0.366**	1	0.282**	0.290**
	Error rate (Sig 0.0000)	0.000	0.003	0.000	0	0.000	0.000
Entry for importation of goods	Correlation coefficient	0.561**	0.623**	0.361**	0.282**	1	0.338**
	Error rate	0.000	0.000	0.000	0.000	0	0.000

	(Sig 0.0000)						
cost of handling	Correlation coefficient	0.420**	0.357**	0.322**	0.290**	0.338**	1
	Error rate (Sig 0.0000)	0.000	0.000	0.000	0.000	0.000	0

Finally, to assess the correlation between the effects of other factors related to the development of this activity, using Pearson correlation test, Pearson type, we have shown that there is a direct and completely significant relationship between all relevant dimensions. In other words, we can admit that given the significance of correlation between multiple dimensions at the level of 0.001 percent, to increase the value of each of the components, will lead to a significant increase in other dimensions.

Table 16. Chi-square test to measure the correlation between the main factors affecting the formation and expansion of the sphere of influence

Chi-square test	Factors affecting the formation of the activity	Factors affecting the growth and expansion of the sphere of influence
correlation coefficient	741.745	696.079
Error rate	0.000	0.000

Based on Chi-square test with an error rate of less than 0.01, there is a completely significant relationship between two main variables of the study. A change in one variable, affects the other variables. We may wonder whether various factors affecting the activity of importing contraband goods in rural areas of the study have the same priority and importance. In the following table, Friedman Test shows the importance of various effective factors.

Table 17. The main factors involved in development of hidden economy and expanding the sphere of influence of the villages in the study area, based on Friedman test

Factors related to formation factors	Ordinal mean	Priority	Factors related to the sphere of influence	Ordinal mean	Priority
Age	3.92	**5**	**Places where the goods are purchase from**	5.99	6
Gender	2.87	**8**	**Range of service**s	7.26	2
Marital Status	2.78	**9**	**Type**s of **goods**	7.21	3
Education	6.78	**1**	**Entry for importation of goods**	3.89	7
Number of family members	6.63	**6**	**Income**	6.39	5
Former job of the head of the household	3.60	**7**	**Handling costs**	7.93	1
Immigration status of the individuals	6.45	**2**	**Number of visits made to supply goods**	6.65	4
Income	6.39	**3**	**Number of stores**	3.63	8
Capital	6.32	**4**	**How to buy goods**	3.60	9

As Friedman test results on ranking of the most influential factors indicate, the components of education, immigration, income and capital respectively have the greatest impact among the components related to the process of development of unofficial economic activity of smuggling the goods. Besides, the handling and transport costs, types of goods in demand, and the scope of service provided, are the most important components of the service index in the study area.

6. Discussion and Conclusions:

As the findings of the research suggest, most of the people involved in importation of goods are often heads of households in rural areas who have begun to migrate to the Persian Gulf states since 1971. According to data extracted from open ended and closed ended questions about the root causes of immigration (decades before and after the 1979 revolution in Iran), the villagers believed that "Land Reform" and its consequences, including the unemployment of large number of peasants who worked on farms of land owners, and the income gap between urban and rural areas, and the lack of new job opportunities in the hometown, were considered as the main causes of immigration. Accordingly, following the unemployment of a large part of the rural population, especially in disadvantaged areas which had no suitable opportunities to absorb a part of the newly unemployed forces as result of Land Reform work force of reform developments in the land on the one hand, and increased oil prices in 1970s which generated huge profit for investment and creating new jobs in the Persian Gulf states encouraged many rural people in southern Iran who were in a relatively short distance from those countries to immigrate to those countries to find a job and earn a large income. These people formerly were mostly farmers or stockbreeders, and had no particular expertise in the immigrant receiving countries and were forced to work simple jobs and services that did not require expertise and skill such as laboring, driving, shop keeping, etc. However, due to the difference in exchange rates and prices in Iran and immigrant receiving countries, within a short time the migrants earned a relatively large income and even high incomes encouraged some of those immigrants to move with their families to destination countries and this way the relations and communications in these fields significantly expanded. The import point is the fact that immigrant repatriated their income to their homelands, but due to lack of necessary infrastructure for investment and creating new jobs in their villages, they were reluctant to invest in these sectors, and a major part of their income and assets were left stagnant or again it was used in the immigrant receiving countries to expand their so-called business. This process continued for the last two decades, until there were some controversies in the political and security conditions of those countries in the region, as well as some fluctuations in the exchange rate followed by high inflation and disruption in commercial and oil markets particularly in the United Arab Emirates, Kuwait and Qatar, the three countries which had absorbed a majority of labor migrants. On the other hand, due to relative stability of the labor market, employment and

income in the countries of origin, such migrations stagnated and lost its former boom. Some immigrant who were older returned to their hometown, and some still live with their families in destination countries. Nevertheless, as the immigrants came back, they repatriated their stagnant and working capital to their hometowns, but this time these funds were used in a more dynamic way inside the country. Although some rural areas, including the southern coastal strip did not have the potential to absorb such a capital, the immigrants invested their capital in southern booming oil markets in Assaluyeh, Bandar Abbas, Bushehr, and so on. Thus, there was a kind of intra-regional migration which is the consequence of international migration of work force. Although the value-added of the investment still goes back to the homeland of the villages, these interactions and relationships with destination countries and new domestic investment centers are strong.

Villages in Deh Sheikh commercial area, located in Lamerd County are among the rural areas in recent years which have attracted investment made by local people, and this is due to several factors, the most important of which according to the study results, are the immigrants who have large capital in rural areas, and are still in touch with destination countries. Another factor is the outstanding local-spatial position of these two villages, as they are in the way to southern Iran and are connected to economic poles of the country, including Assaluyeh, Bandar Abbas and Kangan, and populous cities of the country including Lamerd and Shiraz. Not long ago, these villages did not enjoy current economic boom, but in recent years many of the old and bumpy streets of these villages have changed to large and luxury shopping malls full of imported products and goods. A majority of these importers are the immigrants of 1960s and 1970s that due to poor job situation in Iran, had immigrated to the Persian Gulf states, and now thanks to their relations with the destination countries, have made large investments in their own villages. As these villagers are quite familiar with the culture and language of the destination countries, and thanks to high profitability of these goods, especially over the last few years, this area is now known as one of the most prolific regional and trans-regional shopping centers in southern Iran. Daily shipments of lots of goods, without having paid the customs duty and tariffs, enter the market within a few days or hours, and are distributed by intermediaries or retailers in the region and sometimes in further areas. Regardless of its harms and disadvantages, it has been very profitable and has created many job opportunities for the young people and at the same time it has had very favorable economic outcomes for the villagers of the study area. This has advertised the region, and has made way for greater prosperity in the region. To the extent that a major part of the lands around the main road that were unused in the past, are now very expensive and have a high added value; so that according to villagers, many landowners are not willing to sell their land at a price several times more expensive than a similar plot of land in the neighboring towns (e.g. Lamard), and most of the local people active in the field of smuggling, have built large shops in their estate, which has changed the image of the villages, as these villages do not look like a village at all. It is more cost-effective for people

to purchase from these areas rather than free trade centers of Qeshm, Kish, etc., because these are smuggled goods which are brought to the country without paying any customs duty or tariffs, and are sold in a price much lower than other regions. That's why individuals active in these areas insist that their biggest problem is the illegal importation of goods and called for cooperation between the government and people to change the region into a free trade zone with a legal permit, and this is one of the solutions they proposed for solving the problems of working in this field.

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