



زانكۆی سه‌لاحه‌دین - هه‌ولێر  
Salahaddin University-Erbil

# **The impact of disguised unemployment on the level of employee performance an applied study of government banks in Erbil governorate for the year-2023**

A study submitted to financial and banking department / the university of salahaddin-Erbil as partial fulfillment of requirements for the degree of the bachelor in finance and banking sciences.

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## **Research introduction:**

### **Abstract:**

This applied study delves into the repercussions of disguised unemployment within the context of government banks and its specific implications on employee performance. Through a systematic investigation, the research aims to uncover how inefficiencies in workforce deployment and underutilization of skills might hinder the effectiveness of government banking institutions. The study employs both quantitative and qualitative methodologies to assess the extent of disguised unemployment in these organizations and its correlation with key performance indicators. Findings from this research are anticipated to contribute practical insights for policymakers and management in government banks, fostering strategies to address disguised unemployment and consequently enhance overall employee performance.

### **Chapter 1: Introduction.**

Disguised unemployment in government banks can significantly impact employee performance. When there's an excess of workers in a role, each individual's contribution may diminish, leading to inefficiencies. This surplus can create a lack of motivation and job satisfaction, as employees may feel their efforts have minimal impact. Addressing disguised unemployment becomes crucial for optimizing workforce productivity and enhancing overall employee performance in government banks.

#### **1-1 The aim and objective of the study.**

- 1-To identify and evaluate instances of disguised unemployment within the workforce of government banks in Erbil governorate.
- 2- To identify specific departments or job roles where disguised unemployment may be more pronounced.
- 3- To measure the direct impact of disguised unemployment on key performance indicators, such as productivity, job satisfaction, and overall job performance.
- 4-To provide evidence-based recommendations for addressing and mitigating the effects of disguised unemployment, aiming to enhance overall employee performance in the specified context.n

#### **1-2 Research problems.**

This research problem implies a need to explore and analyze the relationship between disguised unemployment and employee performance. It could involve investigating various aspects such as:

- 1- Productivity Levels: Assessing whether employees in situations of disguised unemployment are less productive compared to those in roles where their skills are fully utilized.

2- Job Satisfaction: Exploring how job satisfaction is influenced by the mismatch between skills and job requirements, and how this dissatisfaction may impact performance.

3- Innovation and Creativity: Examining whether disguised unemployment hinders employees' ability to contribute innovative ideas and creative solutions due to underutilization of skills.

### **1-3 Research questions and hypotheses .**

The first question :How does the presence of disguised unemployment influence the overall employee performance in government banks in Erbil Governorate?

The Second: To what extent do government bank employees in Erbil Governorate perceive the existence of disguised unemployment in their work environment?

Hypotheses:

1. Null Hypothesis (H0): There is no significant impact of disguised unemployment on the level of employee performance in government banks in Erbil Governorate.

Alternative Hypothesis (H1): There is a significant impact of disguised unemployment on the level of employee performance in government banks in Erbil Governorate.

2. Null Hypothesis (H0): Employee perception of disguised unemployment does not significantly correlate with their performance in government banks in Erbil Governorate.

Alternative Hypothesis (H1): Employee perception of disguised unemployment significantly correlates with their performance in government banks in Erbil Governorate.

### **1-4 Motivation and significance of the study:**

This study is significant as it can unveil hidden labor market issues, guiding policymakers in addressing inefficiencies, optimizing workforce utilization, and fostering better performance in crucial public institutions for the benefit of both employees and the community.

### **1-5 Research Methodology:**

will likely involve a combination of quantitative and qualitative approaches. This may include surveys, interviews, and analysis of relevant data. data collection instruments, and statistical tools will be carefully selected to ensure the study's reliability and validity. Additionally, a comparative analysis of employee performance metrics and factors contributing to disguised unemployment will be integral to drawing meaningful conclusions.

## **Chapter 2: Study disguised unemployment and their importance in disguised unemployment.**

### **2-1 Concept of unemployment:**

What Is Disguised Unemployment? Disguised unemployment exists when part of the labor force is either left without work or is working in a redundant manner such that worker productivity is essentially zero. It is unemployment that does not affect aggregate output. An economy demonstrates disguised unemployment when productivity is low and too many workers are filling too few jobs.

#### **Key takeaways:**

1. Disguised unemployment is unemployment that does not affect aggregate economic output.
2. It occurs when productivity is low and too many workers are filling too few jobs.
3. It can refer to any part of the population that is not employed at full capacity. (economy, 2023)

### **2-2 Type of unemployment:**

Beyond voluntary and involuntary, some unemployment types take into account factors such as the strength of the economy, length of joblessness, and workplace changes. Following are eight types of unemployment, including definitions and examples:

#### **1. Cyclical Unemployment**

The term “cyclical unemployment” refers to the variation in the number of unemployed workers during cycles of economic strength and weakness. The nation’s gross domestic product (GDP), which is the value of goods and services a nation produces during a particular time period, is an indicator of these economic ups and downs. Government officials enact economic policies to stimulate the economy and stop this type of unemployment. When demand for a product or service declines, production also goes down. This creates less need for employers to hire people who are looking for jobs, causing the unemployment rate to increase. During the early stages of the COVID-19 pandemic, for example, people were confined to their homes, leading many businesses to shut down. During this economic downturn, many employees of those businesses weren’t needed and were left unemployed. The financial crisis of 2008 provides other examples of cyclical unemployment. One instance of this type of unemployment occurred when people began to encounter problems paying for their homes even as others failed to meet the more stringent mortgage qualifications. Demand for home construction plummeted, leaving workers in that field unemployed.

## **2. Frictional Unemployment**

Frictional unemployment is the result of people voluntarily leaving their jobs. People who've resigned from their jobs and graduates seeking their first jobs need time to find employment, leaving them unemployed in the interim. Looking for a job, seeking a replacement employee, and finding the right employee for a job take time, but frictional unemployment isn't necessarily bad. This type of unemployment usually is short term, and it's present even in a healthy economy as people leave their jobs to seek new opportunities. The economy that emerged from the COVID-19 pandemic saw frictional unemployment, for example, when employers asked employees to return to work in person after they'd worked remotely for many months. Many employees who preferred to work from home voluntarily left their jobs in search of roles that better fit their needs.

## **3. Structural unemployment**

Fundamental changes in the economy and labor markets, such as evolving technology, government policies, and competition, can create structural unemployment. This means that while jobs are available, the people who could fill those roles either don't have the right skills for them or aren't in the right location. Manufacturing employees may contribute to structural unemployment, for example, when the requirements of their jobs change, leaving them unemployed because they no longer possess the right technological skills. Another example can occur when a business moves jobs to a location that's too far away for employees to travel to, leaving those employees without work. Structural unemployment typically lasts longer than frictional unemployment, sometimes causing an erosion of those unemployed people's skills or leaving them discouraged from looking for work.

## **4. Natural Unemployment**

Natural unemployment is the combination of frictional and structural unemployment. It refers to the lowest unemployment level a healthy economy can sustain without causing inflation. This type of unemployment is ever present: People are always voluntarily looking for new jobs, causing frictional unemployment, and job skill requirements are always evolving, causing structural unemployment. It's common for people to voluntarily leave jobs and for positions to move to other parts of the world, for example, driving the natural unemployment rate.

## **5. Long-Term Unemployment**

The BLS classifies people who've been unemployed for 27 weeks or more and who've actively sought employment in the past four weeks as long-term unemployed. Cyclical and structural unemployment drive long-term unemployment. The 2008 recession, for example, caused a large increase in cyclical unemployment. Some individuals who were unemployed for a long time as a result of the economic downturn found themselves no longer fit for the skills the jobs required, driving structural unemployment. The repercussions of long-term unemployment for individuals can also have a negative effect on the economy. That can contribute to more cyclical unemployment — and lead to more long-term unemployment.

## **6. Seasonal Unemployment**

Seasonal jobs are limited to a certain time period, sometimes leaving people who work in those jobs without employment after the season ends. Seasonal unemployment is the result of the decreased demand in labor that occurs at each season's end, making the seasonal rate more predictable than other types of unemployment. Seasonal unemployment often occurs in tourist areas, where attractions often are open only during a certain time of the year. Theme parks, for example, employ workers only during their operational seasons, which in many climates is limited. A ski lodge's employees generally work only when people are skiing. Agricultural workers' jobs are timed to when crops are in season.

## **7. Classical Unemployment**

Classical unemployment, also known as real-wage unemployment, occurs when real wages, or the cost of employing a worker, are too high. This circumstance leaves companies unable to afford all the workers who are available.

When real wages are too high, they're greater than the benefit the employer gets from the labor an employee provides. Companies that can't afford real wages decide not to hire as many people as are seeking jobs. An example of classical unemployment is when workers negotiate for a minimum salary that's more than what a company can afford, making hiring those employees too costly for that company and leaving those workers unemployed.

## **8. Underemployment**

Underemployment differs from unemployment in that it describes people who are working, but aren't employed at their full capability. Measuring underemployment shows how effectively the economy is using the labor force's skills, experience, and work availability. Following are the categories of underemployment:

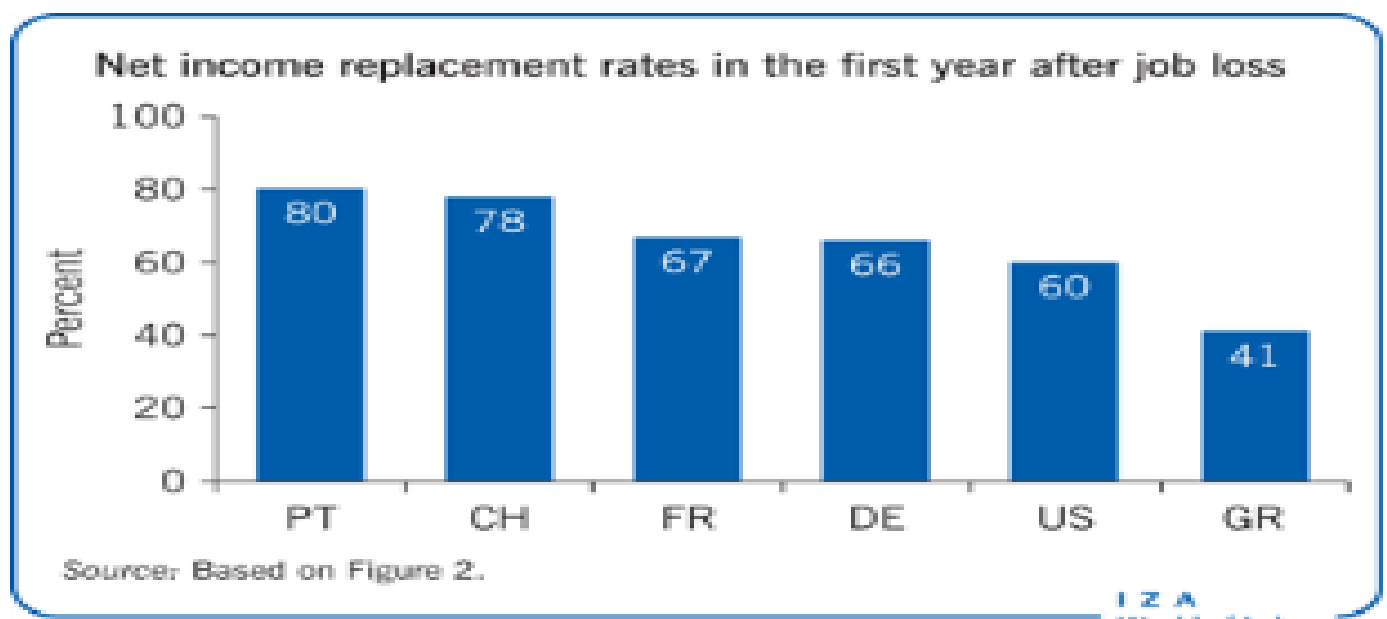
❖ **Visible underemployment:** With visible underemployment, employees work part time despite their desire to work more hours. Underemployed people, such as office employees who can find only part-time roles, may work multiple jobs to earn the equivalent of a full-time salary.

❖ **Invisible underemployment:** When individuals who can't find a job in their chosen field take a job that isn't in line with their experience and skills, they represent invisible underemployment. Their work often pays less than a role that's more in line with their background would pay. A person with an engineering degree working at a coffee shop is an example of invisible underemployment. (maryville, 2022)

### 2-3 Benefit of getting a unemployment:

Elevator pitch

All developed economies have unemployment benefit programs to protect workers against major income losses during spells of unemployment. By enabling unemployed workers to meet basic consumption needs, the programs protect workers from having to sell their assets or accept jobs below their qualifications. The programs also help stabilize the economy during recessions. If benefits are too generous, however, the programs can lengthen unemployment and raise the unemployment rate. The policy challenge is to protect workers while minimizing undesirable side effects.





## **Key findings:**

### **Pros**

1. By replacing some lost income, unemployment benefits protect unemployed workers from depleting their assets to maintain consumption.
2. By augmenting the income of very low-income households, unemployment benefits help keep them out of poverty.
3. Unemployment benefit programs encourage workers to accept jobs that are important to the economy, despite layoff risks.
4. Unemployment benefits enable workers to maintain consumption while spending more time searching for a job fitting their skills.
5. Unemployment benefits provide additional support to workers during recessions, without large negative side effects.

### **Cons**

1. Unemployment benefit programs can lengthen unemployment spells excessively, especially when maximum benefits continue over long periods.
2. Unemployment benefit programs modestly raise the national unemployment rate—and by less during recessions.
3. There is no strong evidence that unemployment benefit programs help people find better paying jobs or jobs better matched to their skills.
4. Without official monitoring, unemployed workers might exaggerate their job search activity and so may stay unemployed longer.
5. Unemployment benefit systems financed by payroll taxes may vastly increase layoffs in some industries.

### **Author's main message:**

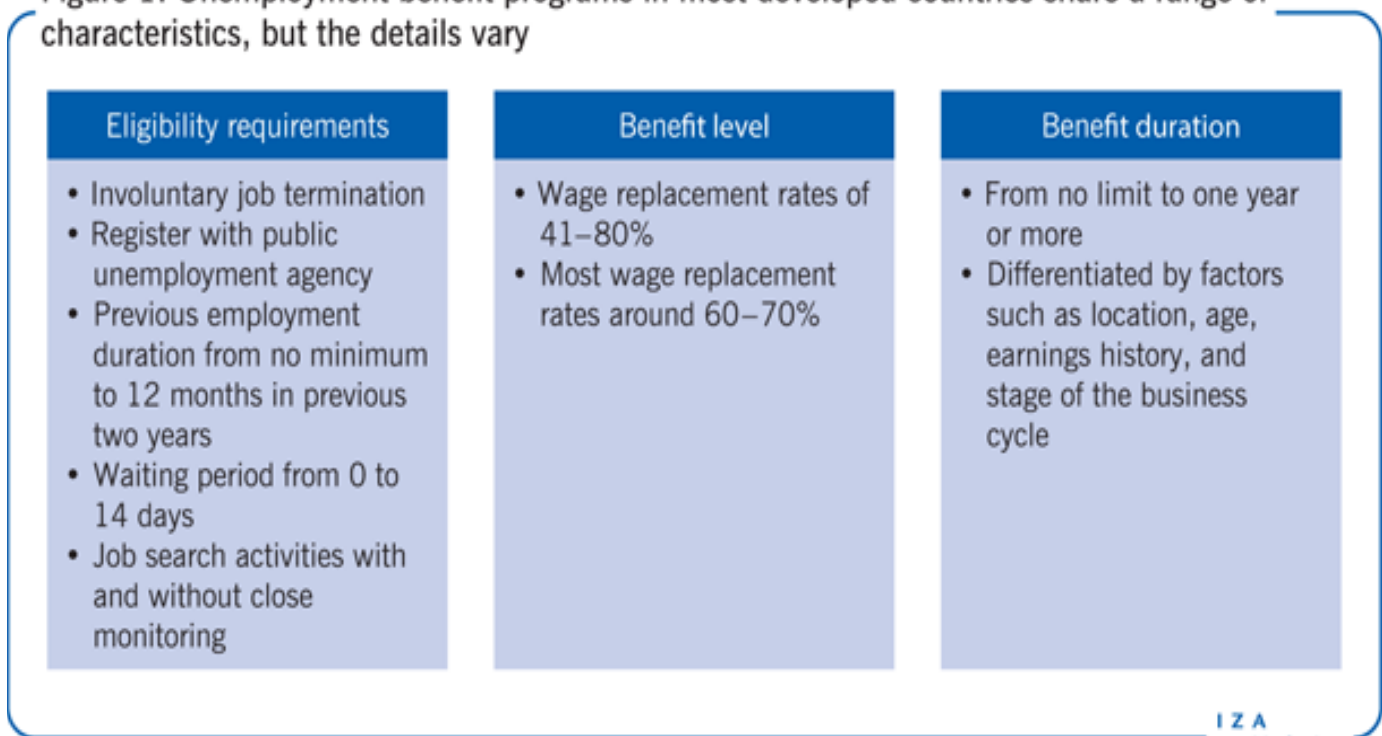
Unemployment benefit programs play an essential role in the economy by protecting workers' incomes after layoffs, improving their long-run labor market productivity, and stimulating the economy during recessions. Governments need to guard against benefits that are too generous, which can discourage job searching. Governments also need a system for monitoring job search intensity, to reduce negative side effects on the unemployment rate and job creation.

## Motivation:

All developed economies have unemployment benefit programs that provide income to laid-off workers to enable them to meet their basic consumption needs. However, when unemployment benefit programs are particularly generous, in both benefit level and duration, they are controversial because of potential negative side effects. The debate over generosity intensifies during recessions and economic downturns, such as those in Europe and North America today, when overly generous programs may slow the decline in the unemployment rate and delay a country's economic recovery.

Several dimensions of unemployment benefit programs influence their positive and negative impacts on individuals and the economy. In some areas the evidence on impacts is clear; in others it remains ambiguous. Governments can take several steps to increase the positive impacts and reduce the negative ones (Figure 1).

Figure 1. Unemployment benefit programs in most developed countries share a range of characteristics, but the details vary



## **Discussion of pros and cons:**

Unemployment benefit programs in developed economies are similar in structure, but many of the details—eligibility requirements, benefit levels, and benefit duration—vary. These details can have different effects on consumption, poverty levels, employment, job-seeking, and duration of unemployment. The effects can also vary with the phase of the business cycle. Structure of unemployment benefit programs in advanced economies Unemployment benefit programs in advanced industrialized economies share many features, but the details vary in ways that matter for government policy and for the effects of the programs on individuals and the economy. Three of the most important dimensions of a country's unemployment benefits program are eligibility requirements, benefit level, and maximum duration of benefits.

### **Eligibility requirements**

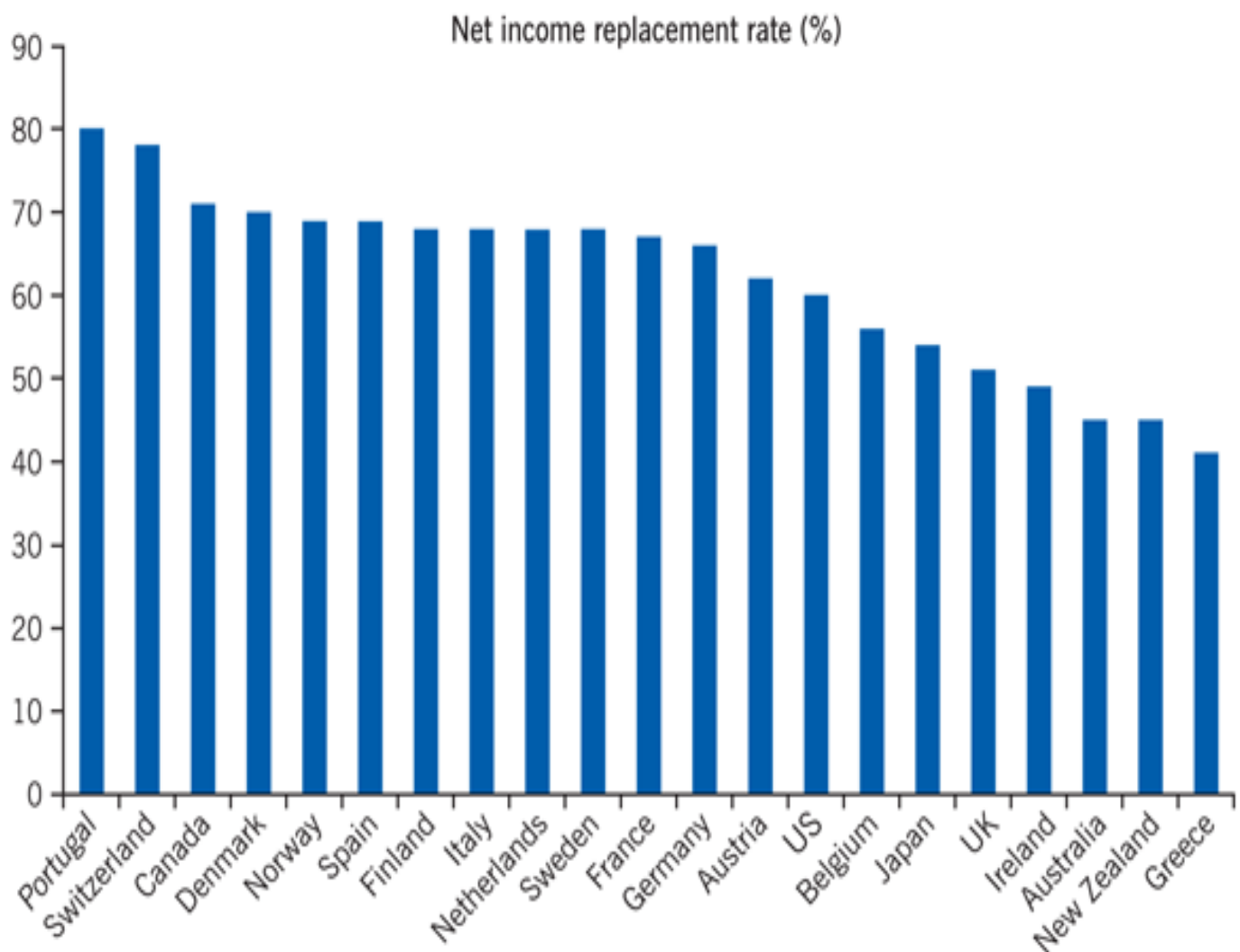
Virtually all developed countries tie eligibility for unemployment benefits to being involuntarily terminated from a job—people who quit their jobs are not eligible. All countries also require that anyone who meets this criterion must register at a government unemployment office, list their job experience and qualifications, and receive information on job openings for workers with their qualifications. Finally, all countries require that unemployed workers seeking benefits actively search for a job, although how this requirement is enforced varies considerably.

How long a person has to have worked before being eligible for unemployment benefits after being involuntarily discharged varies as well. Most countries require applicants to have spent some minimum percentage of the previous year or previous two or three years in employment (for example, 6 months out of the past year or 12 months out of the past two years). But some countries, notably Australia and New Zealand, have no length requirement for previous employment. Some countries, such as Norway and the US, also require that applicants have received some minimum level of earnings over those employment periods to qualify for unemployment benefits. Some countries also require a waiting period before benefits begin. While about half of Organization for Economic Co-operation and Development (OECD) countries allow eligible applicants to start to receive benefits immediately after losing a job, the other half have waiting periods of 3–14 days. (iza, 2014)

## Benefit levels:

Most countries base benefit levels on past earnings or on a national earnings index, but the levels vary dramatically across countries. The most common measure of benefit level is the replacement rate, which is the ratio of benefits received to the individual's earnings on the terminated job for which unemployment benefits are being claimed. The replacement rate in 21 developed economies in 2005 varied from 41% in Greece to 80% in Portugal, or twice as high (Figure 2). In a majority of countries replacement rates were 60% or higher. (iza, 2014)

Figure 2. Net income replacement rates in the first year after job loss in 21 developed countries varied considerably in 2005 (%)



Source: Burtless, G., and T. Gordon. "The federal stimulus program and their effects." In: D. B. Grusky, B. Western, and C. Wimer (eds). *The Great Recession*. New York: Russell Sage Foundation, 2011; pp. 249–293 [1].

## **2-4 Hight risk of getting unemployment**

There is no doubt that one of the most powerful problems facing the youth of our Arab society now and negatively affecting us economically and socially is the unemployment crisis.

Whether unemployment is real unemployment or disguised unemployment, it is undoubtedly considered a major obstacle between us and the progress of our country quickly and strongly, like other countries.

Unemployment does not only negatively affect us as a country, but it also negatively affects our society and the psychology of our youth, and its serious effects are countless.

The most serious effects of unemployment include, but are not limited to:

- 1- The crime rate has increased significantly.
- 2- Increasing rates of addiction and sexual harassment.
- 3- The rate of searching for pornographic sites on the Internet has increased.

These effects alone may destroy the youth of an entire society. Therefore, we must warn against it and try to truly confront it, however. How do we address unemployment in a real and effective way? How do we confront it in a situation of economic recession, and how can we provide job opportunities for young people that are commensurate with their abilities and qualifications without burdening the state with them?

There are many ways to provide job opportunities via the Internet or through freelancing. They may not be as ideal as jobs in government and private companies, but they reduce the real unemployment rate on the one hand, and on the other hand they enable us to benefit from the energies and experiences of young people in a simple and targeted way that has a positive psychological impact. Great in the hearts of these young people. So what is the role of the state in reducing unemployment rates and encouraging young people to become self-employed and work online?

The state can contribute to reducing unemployment rates in simple and effective ways, such as providing free grants to teach young people about computers, the Internet, and labor market requirements. The state can also conduct advertising campaigns to raise awareness of the dangers of unemployment and the existence of real job opportunities through the Internet or self-employment, and that it encourages it.

It is also possible to hold seminars and conferences that bring together experienced people with young people to complete the process of exchanging experiences and listening to the opinions

of young people on the problem of unemployment and what their proposals are to get rid of this crisis or reduce it to the minimum possible extent.

Unemployment is a crisis by all standards that should not be ignored or postponed to another time, because with every passing day its rates increase in a terrible and frightening way, and thus the danger to our society increases.

We must fight unemployment in all ways, and in turn, we, as ordinary citizens, can raise awareness everywhere we visit or interact so that we can fight unemployment, whether through awareness of self-employment, awareness of work via the Internet, or awareness of the dangers of unemployment. It is possible for us to hold special seminars by meeting with family, friends, relatives, and relatives. Educating them about the burden and danger that unemployment poses to us and our duty towards this hateful crisis.

Let us be together as one entity against unemployment, and let us adhere to one new principle that we all strive to achieve, which is the principle of “a nation without unemployment.” Whether unemployment is real unemployment or disguised unemployment, it is undoubtedly considered a major obstacle between us and the progress of our country quickly and strongly like the rest of the other countries. (2015)

## Chapter three

**3-1 The following is a survey on covered unemployment in public banks in Erbil**

### **Question**

**Explain disguised unemployment with an example.**

### **Solution**

#### **Answer:**

The situation of underemployment is referred to as the situation when people are apparently working but all of them are made to work less than their potential is called disguised unemployment. In this case, the person considers himself employed but is actually not working.

### **Example**

**(i)** In rural areas, where agriculture is the main source of income, this kind of unemployment can be seen often. If a piece of land requires only three people to work on it and instead five people are working on it, then the two extra people are said to be in a situation of disguised unemployment.

**(i)** In cities and urban areas, disguised unemployment is seen when painters, plumbers, electricians are unable to find work on a daily basis and work way less than their potential.

## 1-Sarwaran bank

2023-2024

N	Department	Employee	Need employee	Unemployment
1-	Adimin	10	6	4
2-	Accounting	20	15	5
3-	Subajective section	12	8	4
Total		42	29	13

**Employee :** Number of people working in each department of the bank --42

**need Employee :** Number of people required to work in each department of the bank—29

**unemployment :** The number of employees required is not additional in each department of the bank --13



## 2-Mnara bank

2023-2024

N	Department	Employee	Need employee	Unemployment
1-	Adimin	5	9	4
2-	Accounting	27	20	7
3-	Subajective section	23	17	6
<b>Total</b>		<b>55</b>	<b>46</b>	<b>17</b>

**Employee :** Number of people working in each department of the bank --55

**need Employee :** Number of people required to work in each department of the bank— 46

**unemployment :** The number of employees required is not additional in each department of the bank --17

### 3-Dedawan Bank

2023-2024

N	Department	Employee	Need employee	Unemployment
1-	Adimin	13	7	6
2-	Accounting	23	16	6
3-	Subajective section	11	5	6
<b>Total</b>		<b>47</b>	<b>28</b>	<b>23</b>

**Employee :** Number of people working in each department of the bank ---47

**need Employee :** Number of people required to work in each department of the bank— 28

**unemployment :** The number of employees required is not additional in each department of the bank --23

## 4-Sheren Bank

2023-2024

N	Department	Employee	Need employee	Unemployment
1-	Adimin	19	9	10
2-	Accounting	12	8	4
3-	Subajective section	14	12	2
<b>Total</b>		<b>25</b>	<b>29</b>	<b>16</b>

**Employee :** Number of people working in each department of the bank --25

**need Employee :** Number of people required to work in each department of the bank—29

**unemployment :** The number of employees required is not additional in each department of the bank --16

## 5-Soran Bank

2023-2024

N	Department	Employee	Need employee	Unemployment
1-	Adimin	21	15	6
2-	Accounting	20	13	7
3-	Subajective section	22	14	8
<b>Total</b>		<b>63</b>	<b>42</b>	<b>21</b>

**Employee :** Number of people working in each department of the bank --63

**need Employee :** Number of people required to work in each department of the bank—42

**unemployment :** The number of employees required is not additional in each department of the bank --21

### 3-2 CONCLUSION AND SUGGESTION

In her well-known essay "Disguised Unemployment" Joan Robinson coined this term for a situation widely observed in the Great Depression in which men, thrown out of regular employment, crowded into occupations like carrying bags, rendering small services or selling matches in the Strand. The reasoning underlying her argument can be brought out by a simple two-sector model: in one sector money wages are rigid downwards; in the other, where self-employment is common, incomes are flexible. In competitive full employment equilibrium, the marginal productivity of labor is the same in both sectors. If then a fall in aggregate demand below the full employment level occurs, men will be thrown out of work in the rigid wage sector, but, rather than become unemployed, will move into the flexible income sector. Money income per man in this sector will fall as more men are accommodated to spread a smaller work load. Productivity differentials (measured in terms of man-years, man-weeks, or man-days, but not in terms of manhours, for productivity of hours not worked is not meaningful, though it is not clear how hours spent waiting for work, or in search of work, should be counted) will increase, but no visible unemployment will appear. The difference between a situation of general low labor productivity (say due to absence of skills) and a situation of disguised unemployment in this sense is that a rise in the level of effective demand will shift workers back into the high-productivity, rigid-wage sector and remove the disguised unemployment. The workers are adapted to the requirements in this sector and, if the time spent in the flexible sector has not been too long, so that they have not forgotten their skills, have remained well fed and healthy and have not been demoralized, a rise in effective demand is a sufficient remedy. Although the same term has been used, it is immediately obvious that the situation in the rural sector of developing countries is quite different from that described by Joan Robinson. It is true that the rural subsistence sector, in which smallholdings are cultivated by families, resembles the flexible income sector in that it is capable of spreading a constant or slowly growing work load and product over a rapidly growing

number of people. But it is not true that an increase of effective demand would, by itself, absorb the excess population in industry. Clearly a series of additional measures would be necessary. Machinery and equipment would have to be provided, infrastructure would have to be constructed, a workforce would have to be trained, disciplined and educated in cooperation, nutrition and health may have to be improved, public services would have to be provided, objections to factory work would have to be removed.<sup>3</sup> (htt1)

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