Blockchain and its potential to disrupt recruitment

The new technology has implications far beyond currency - and requires humans to think through the ethics.

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Over the past few years the word "blockchain" has become largely synonymous with crypto-currencies such as Bitcoin and Ethereum. But this technology is more than a buzzword, and it could be disrupting far more industries than imagined. ManpowerGroup South Africa's managing director, Lyndy van den Barselaar, points out that blockchain technology is even having an impact on the recruitment industry.

Recruitment could be one of those areas that undergo a revolution if the blockchain potential lives up to its buzz. Blockchain is a technology that has its roots in the 2008 financial meltdown when banks and investments were failing. Out of this crisis arose the idea to replace banks and error-prone humans with math and technology – hence blockchain was born.

Put simply, blockchain is a set of accurate, verified, and unchangeable information. Each piece of information is an individual block, which, when combined with other blocks, becomes a chain, helping to reduce errors and fraud, eliminate slow paper processes, and create more efficiencies as shown below:

Blockchain and trust

In the modern job market, the need for candidates to differentiate themselves is critical. That can also mean pressure for candidates to puff up their Curriculum Vitae (CV) or credentials. "Candidates who have been untruthful about their skills, experience or expertise can cost a company a lot of time and money," says van den Barselaar.

One study found that 85% of employers caught applicants fibbing on their CVs. In recent years, a couple of high profile cases of falsification have cropped up, including when Yahoo's CEO was fired due to falsifying academic qualifications on his CV in 2012. Qualification and CV fraud in South Africa had increased by a staggering 200% in 2014, according to a Managed Integrity Evaluation (MIE) study.

As banking is built on trust and verification, so is human resources. Blockchain technology can step in and verify candidates' credentials. If a degree or certification could be verified by independent blockchain technology, the process of checking CVs and references could be streamlined and authenticated.

In addition to academic qualifications and work histories being accurate, criminal checks, professional license verifications, and other aspects of CV verification would be painless. In fact, time and effort spent on CV verification would become a thing of the past, leaving recruiters with more free time to focus on candidate's soft skills and other qualifications.

Blockchain and ethics

The human challenge with blockchain is where to stop when reporting the truth. Do we include past performance records as part of a permanent record? The fact that candidates were on a performance improvement plan? Or any disciplinary notes? Where does the need for the truth end and data privacy start? "In South Africa, the Protection of Personal Information (PoPI) act, for example, is to be put in place to ensure that all South African institutions conduct themselves in a responsible manner when collecting, processing, storing and sharing another entity's personal information by holding them accountable should they abuse or compromise personal information in any way," explains van den Barselaar.

In most countries, it is illegal to discriminate against people on the basis of race, age, sexual orientation, marital status and gender, and, in most countries, it is not required to include such information in a CV. If such information does become part of the blockchain and is accessible to a potential recruiter, how will they manage any biases (conscious or unconscious) they may have regarding a candidate?

There are some significant legal and privacy implications that need to be resolved for blockchain to become a viable tool in human resources, and it is likely that any move towards large scale integration of blockchain and recruitment will be some years off.

"Staying abreast of the latest technologies, how they affect each industry, and how they are likely to affect one's sector and one's role has never been more important – and blockchain is an important emerging technology to watch," says van den Barselaar. Given the pace of technological change and the imperative for HR to demonstrate their strategic value, it would be wise for recruiters to get ahead of the game rather than have to play catch up later on.