Multidisciplinary Reviews

REVIEW ARTICLE
Published Online: August 14, 2025
https://doi.org/10.31893/multirev.2026105

Revolutionizing human resources: Blockchain as a catalyst for sustainable and ethical practices

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Abstract Blockchain technology presents transformative potential across various sectors, including human resources (HR). This study explores the integration of blockchain technology as a catalyst for advancing sustainable practices within HR. Specifically, it examines how Blockchain can enhance HR processes' sustainability, efficiency, and transparency while contributing to broader organizational sustainability goals. The research aims to assess the impact of blockchain technology on environmental, social, and economic dimensions of sustainability, focusing on its application in key HR functions such as recruitment, payroll management, employee verification, and performance monitoring. What sets this investigation apart is its detailed focus on the intersection of blockchain technology and HR practices, highlighting its potential to foster more ethical and sustainable workplaces. By leveraging the decentralized and immutable characteristics of Blockchain, organizations can enhance data security, mitigate fraud, and build greater trust and accountability. Furthermore, Blockchain's ability to reduce paperwork and streamline workflows can significantly diminish the environmental footprint of HR operations. Through a comprehensive analysis of contemporary research and case studies, this study offers valuable insights into the practical applications of blockchain technology in HR and its alignment with sustainability objectives. The findings suggest that Blockchain improves operational efficiency and promotes sustainable development by encouraging ethical practices and reducing resource consumption.

Keywords: blockchain technology, sustainable HR practices, organizational sustainability, data security, ethical workplaces, innovation

1. Introduction

Blockchain technology, originally developed to support decentralized financial transactions through cryptocurrencies, has evolved into a foundational digital infrastructure with wide-ranging applications. Its core features—immutability, transparency, decentralization, and cryptographic security—have been leveraged across industries such as finance, healthcare, supply chains, and government services. As digital transformation reshapes organizational landscapes, there is growing interest in blockchain's potential to reform traditional business functions. Among these, Human Resource Management (HRM) stands out as a domain with untapped potential for systemic innovation, especially in alignment with emerging sustainability and ethical imperatives. It is required of modern HR operations to strike a balance between sustainable practices, ethical governance, and operational effectiveness. However, there are other problems with traditional HR systems, such as disjointed data management, dependence on antiquated verification techniques, fraud vulnerability, and biases in hiring and performance evaluation. Data integrity and transparency are cited by 60% of HR leaders as major obstacles to efficient labor planning in IBM's 2022 Future of HR research. Similarly, according to LinkedIn's Global Talent Trends Report (2023), 75% of employees and job seekers favor organizations with inclusive and transparent recruiting practices, indicating a notable shift in workforce expectations about accountability and fairness.

From an environmental perspective, HR processes also contribute to organizational resource consumption. Paper-based documentation, manual onboarding, physical archiving, and in-person compliance procedures collectively increase a company's carbon footprint. The World Economic Forum (2021) noted that digitalizing administrative functions such as payroll and recruitment can reduce operational emissions by up to 15–20%, offering a compelling case for blockchain-enabled digital transformation. Blockchain's ability to automate and securely store personnel data, verify credentials in real-time, and replace physical documentation with smart contracts supports these sustainability objectives directly. Moreover, blockchain can serve as a tool for social sustainability by reducing systemic inequities in hiring, promotion, and compensation. A 2022 McKinsey report found that AI and blockchain-based hiring platforms reduced bias-related errors by 28% compared to traditional methods, particularly in anonymized resume screening and candidate verification. Blockchain-enabled systems can create verifiable, time-stamped, and tamper-proof records of professional credentials and performance histories—providing both employers and employees with a trustworthy foundation for decision-making.

Indeed, the trends toward sustainability and digitalization are particularly important for businesses that want to be competitive and meet societal demands in the modern world, which is characterized by the rapid changes in global business environments. People are an organization's final resource, so the HR profession is leading this change as the custodian of the most valuable resource. HR departments nowadays must implement strategies that maximize company operations and employee satisfaction while simultaneously enhancing society and the environment. Growing concerns about climate change, environmental degradation, and the depletion of natural resources have given rise to the desire for sustainability. Governmental organizations, shareholders, and customers are currently pressuring the companies to demonstrate its environmental responsibility. This means, for HR, that environmental conservation efforts should be integrated into the organization's regular tasks by, among other things, reducing the use of paper and low energy and educating staff members about environmental awareness. In addition to site management, green HR transformation aims to shift attitudes across the entire company. There are still few empirical research and workable frameworks for blockchain use in HR, despite these encouraging advantages. Technological literacy, unclear regulations, significant upfront expenses, and organizational change aversion are some of the implementation hurdles. However, the growing confluence of ESG (Environmental, Social, and Governance) norms with digital innovation highlights how urgent it is to find scalable and morally good solutions.

This research addresses a critical intersection of technology, sustainability, and organizational ethics. First, it brings attention to the strategic role that blockchain can play in reimagining HR not as a reactive support function, but as a driver of ethical governance and sustainable development. Second, the study contributes to the limited but growing academic literature on blockchain-enabled HR innovation, especially in developing frameworks for equitable hiring, transparent performance management, and environmental responsibility. Third, this work provides HR practitioners, system architects, and policymakers with actionable insights into how blockchain can be operationalized to support UN Sustainable Development Goals (SDGs)—notably SDG 8 (Decent Work), SDG 9 (Industry Innovation), and SDG 16 (Institutional Transparency).

1.1. Objectives of the study

The primary objective of this study is to explore the transformative potential of blockchain in promoting sustainable and ethical human resource practices. Specifically, the study aims to:

1. Investigate the technological capabilities of blockchain relevant to HR functions, including recruitment, credentialing, payroll, and performance evaluation.
2. Assess how blockchain can address key sustainability issues such as reducing environmental impact, eliminating paper-based workflows, and enhancing social equity.
3. Examine blockchain’s potential to improve data security, transparency, and fairness in HR processes.
4. Identify organizational, technical, and regulatory challenges that affect blockchain adoption in HR environments.

2. Research Methodology

This study employs a secondary qualitative research approach to explore the transformative potential of blockchain technology in human resource (HR) management. This methodology leverages authoritative sources from blockchain and HR to ensure the reliability and accuracy of the findings. By critically examining the theoretical and practical implications of blockchain for HR practices, the approach provides a nuanced understanding of how this technology can enhance security, transparency, and operational efficiency. Adhering to the principles of rigorous academic inquiry, the study ensures that its conclusions are grounded in a meticulous analysis of existing knowledge.

The methodology establishes a robust theoretical framework to analyze the integration of blockchain into HR practices, examining diverse models and proposing alternatives to traditional approaches. While theoretical research poses inherent challenges, this study aims to contribute significantly through a comprehensive literature review. The research process involved identifying relevant publications and applying stringent screening criteria on the basis of their titles and relevance to contemporary developments, ensuring the inclusion of high-quality studies. Sources were drawn from renowned organizations and industry leaders, including Microsoft, Deloitte, and IBM, whose work has received critical acclaim from academics and industry experts. The selected articles were further analyzed via an open coding content analysis method, which involved systematically observing and categorizing the text on the basis of its relevance to the research objectives. This methodological rigor ensures that the study offers valuable insights into the potential of blockchain technology to reshape HR management practices.

3. Literature Review

The adoption of blockchain technology in human resources (HR) is underpinned by established theoretical frameworks, such as institutional theory and the resource-based view (RBV), which emphasize the influence of external norms and pressures on corporate behavior. Organizations are increasingly compelled to reimagine their HR functions in response to rising societal demands for ethical and sustainable business practices. Blockchain technology offers a transformative solution to these

challenges by enhancing accountability and transparency, fostering stakeholder trust, and promoting ethical conduct (Ghobakhloo et al., 2023).

From a practical perspective, blockchain integration into HR processes—such as payroll management, employee verification, and recruitment—can significantly streamline operations. By creating immutable records, blockchain ensures the accuracy and authenticity of employee data, mitigating the risks associated with fraud and errors. This reduction in administrative overhead and the elimination of paper-based workflows align with organizational sustainability objectives by minimizing environmental impact. Additionally, blockchain's ability to enable transparent and equitable performance evaluations supports social sustainability by fostering diversity and inclusion. Anchoring employee assessments in verified data mitigates biases and promotes an inclusive workplace culture.

In conclusion, research highlights blockchain technology as a critical enabler of sustainable HR practices, with its potential to be firmly supported by institutional theory and the RBV. Blockchain enhances operational efficiency and data accuracy and drives ethical behavior within organizations. Its capacity to bolster security, streamline processes, and revolutionize traditional HR practices has garnered significant interest. This study explores blockchain technology's implications for various HR domains, including talent acquisition, recruitment, training, research and development, smart contracts, and credential verification (Chillakuri & Attili, 2021).

Integrating blockchain technology into HR management significantly enhances security, operational efficiency, and environmental sustainability. As a decentralized and immutable ledger system, blockchain offers heightened data security and transparency, addressing critical challenges in handling sensitive HR information, such as payroll and employment records (Mohamad et al., 2022). By utilizing a distributed network of nodes, blockchain mitigates the risks associated with centralized record-keeping and potential data breaches, ensuring data integrity and privacy.

Moreover, blockchain simplifies HR processes by eliminating intermediaries, reducing administrative costs, and streamlining operations (Kumar et al., 2024). Adopting smart contracts automates HR functions, including agreement management and performance evaluations, leading to greater operational efficiency and resource conservation. This automation minimizes manual interventions and paper-based workflows, reduces waste, saves time, and aligns HR practices with broader sustainability goals.

Recent trends underscore the increasing adoption of blockchain technology within HR management. According to a Deloitte survey, 55% of HR executives believe that blockchain will transform their organization's future success (Hub, 2024). Additionally, a PwC report indicates that 84% of CEOs actively incorporate blockchain into their operations, emphasizing its potential to revolutionize traditional HR practices and advance organizational sustainability. Blockchain is increasingly recognized as a groundbreaking tool in HR, poised to redefine conventional approaches and contribute to long-term sustainable development. Industry leaders such as Microsoft and IBM are at the forefront of developing blockchain-based identity verification solutions to enhance HR security and sustainability. By leveraging blockchain technology to store and authenticate employee credentials securely, these innovations mitigate the risks of fraud and identity theft while promoting ethical and sustainable HR practices. Blockchain's ability to fortify data security, improve operational efficiency, and ensure transparency contributes to the evolution of sustainable HR management. Furthermore, its capacity to reduce environmental impact and foster ethical behavior positions blockchain as a transformative tool for advancing responsible and sustainable human resource operations.

HR research and development (R&D) encompasses the exploration of innovative strategies, tools, and methodologies to enhance HR practices, including recruitment, training, performance management, and employee engagement. Blockchain technology is pivotal in advancing HR R&D by providing a transparent and secure platform for collaboration, knowledge sharing, and innovation (Kumar et al., 2024). By fostering efficient resource utilization and minimizing the environmental footprint of traditional HR research methods, blockchain contributes to the sustainability of HR practices (Ghobakhloo et al., 2023).

Blockchain-powered platforms enable HR researchers to access a global network of experts, resources, and data, facilitating interdisciplinary collaboration and information exchange (Advisor, 2024). Leveraging blockchain in HR R&D allows organizations to develop sustainable approaches and solutions that align with evolving business needs and environmental objectives. According to a Deloitte report, blockchain enhances data security, accelerates HR processes, and reduces administrative burdens, resulting in significant cost savings and operational efficiencies. By integrating blockchain into HR R&D, organizations can gain a competitive edge in optimizing workforce management, making data-driven decisions, achieving strategic objectives, and promoting sustainability through reduced waste and effective resource allocation. Blockchain technology fosters sustainable HR practices by enhancing collaboration, transparency, and efficiency in R&D processes. Its decentralized architecture promotes inclusivity and innovation within global HR teams, whereas its immutable nature ensures the integrity and authenticity of research data. Blockchain enables organizations to increase HR administration and sustainability to new heights by streamlining operations, reducing costs, and aligning with strategic goals.

Training and development initiatives are fundamental to enhancing the workforce's skills and knowledge, driving improved productivity, job satisfaction, and overall performance. These programs include online courses, seminars, workshops, mentoring, and on-the-job training (Ghobakhloo et al., 2023). Blockchain technology revolutionizes training and development by providing a secure and transparent credential verification and skills certification platform, fostering sustainable HR practices.

Blockchain-based credentialing systems enable employees to securely store licenses, certifications, and training accomplishments on an immutable ledger, eliminating the need for traditional, time-intensive verification processes while enhancing the credibility of employee qualifications. Leveraging the decentralized and tamper-proof properties of blockchain, learning management systems (LMSs) powered by platforms such as edX and Coursera can securely archive and authenticate training records, minimizing the risk of fraud and data manipulation.

Moreover, blockchain technology facilitates the creation of decentralized marketplaces offering educational resources, certifications, and courses. Employees can seamlessly register for training programs, monitor progress, and obtain verified certificates through automated innovative contract transactions. This streamlined process ensures the integrity and authenticity of training records and fosters trust and accountability within the training and development ecosystem. Blockchain-powered training platforms also enable the delivery of personalized learning experiences tailored to individual career aspirations and skill gaps, increasing the effectiveness and relevance of training programs.

By adopting blockchain technology, organizations can enhance employee engagement and retention, optimize training and development strategies, and maintain competitiveness in an evolving marketplace. These advancements collectively contribute to promoting sustainable HR practices by aligning employee development with organizational and environmental goals.

Talent acquisition and recruitment are critical components of human resource management and are focused on identifying, attracting, and hiring qualified candidates who align with organizational objectives. While recruitment emphasizes assessing and selecting candidates for specific roles, talent acquisition involves strategic planning to attract and retain top talent, ensuring alignment with long-term business goals. Blockchain technology revolutionizes talent acquisition and recruitment by introducing unparalleled efficiency, security, and transparency. Through blockchain-based platforms, employers can access verified candidate profiles, eliminating the need for time-intensive background checks and verification processes (Gupta, 2023). The immutable nature of the blockchain ensures the authenticity of candidate data, significantly reducing the risks of fraud and identity falsification while enhancing the sustainability of HR practices.

Moreover, blockchain can transform traditional resumes and professional networking platforms such as LinkedIn. Securing an applicant's complete employment history on a blockchain ledger eliminates the repetitive documentation of prior experiences (Ahmed, 2018). This innovation streamlines the recruitment process and reduces reliance on paper-based workflows, decreasing administrative burdens and minimizing environmental impacts. Blockchain-enabled recruitment systems, exemplified by advancements from platforms such as Glassdoor and LinkedIn, leverage the decentralized and immutable properties of blockchain to ensure the accuracy and integrity of applicant data (Gupta, 2023). Integrating blockchain with smart contracts facilitates automated and transparent hiring processes, from candidate screening to offering negotiations. This automation minimizes administrative work, reduces human error, and enhances process efficiency.

Blockchain technology greatly improves HR talent management procedures' efficiency and transparency. Blockchain use enhances data verification and transparency in talent operations, according to research. But when mediated by verification efficiency, security characteristics by themselves did not significantly affect transparency, underscoring the significance of well-balanced system design in HR blockchain integration. (Darodjat & Arapah, 2024).

Furthermore, blockchain-based credential verification systems enable instant validation of candidate qualifications, enhancing the credibility and reliability of the hiring process (Gartner study). By optimizing resource allocation and reducing administrative overhead, blockchain-driven credentialing systems contribute to sustainable HR operations. They accelerate confirmation timelines, lower operational costs, and support environmental objectives by minimizing resource-intensive traditional practices (Ghobakhloo et al., 2023). Through its transformative capabilities, blockchain technology not only modernizes talent acquisition and recruitment but also aligns these processes with the principles of sustainability, operational efficiency, and ethical business practices.

Blockchain-powered HR smart contracts are revolutionizing human resource management by offering automated, transparent, and secure systems for contract administration (Kumar et al., 2024). These self-executing agreements encode contractual terms directly into code, eliminating the need for intermediaries and minimizing human intervention. By streamlining processes such as employee onboarding, performance evaluations, and contract management, smart contracts enhance operational efficiency and support sustainable HR practices. Blockchain technology decentralization, immutability, and transparency form the foundation of smart contracts. Decentralization reduces reliance on centralized authorities, fostering trust in HR transactions by ensuring that contracts are executed and enforced across a distributed network. Immutability strengthens the security and reliability of HR processes by ensuring that once a smart contract is deployed on the blockchain, its terms and conditions cannot be altered or tampered with. Leading organizations, including Accenture and Deloitte, leverage blockchain-based smart contracts to automate HR processes such as employee onboarding, training, and performance appraisals. These smart contracts improve operational efficiency by reducing administrative workloads and ensuring regulatory compliance, contributing to sustainable HR management practices. Additionally, blockchain transparency fosters trust among employers, employees, and other stakeholders by allowing all parties to view and validate the terms and execution of HR smart contracts. The cryptographic features of the blockchain ensure resistance to fraud and unauthorized modifications, significantly enhancing the security and privacy of HR operations. Blockchain-powered smart contracts

represent a transformative step toward more sustainable and trustworthy human resource management by embedding transparency, efficiency, and security into HR workflows.

Credential verification is a critical component of human resource management (HRM), ensuring the validity and authenticity of an individual's educational background, professional qualifications, and licenses. Traditional verification methods, which often rely on manual processes, are characterized by inefficiencies, high costs, and susceptibility to errors or fraud (Kumar et al., 2024). Blockchain technology fundamentally redefines credential verification by introducing a decentralized, transparent, and immutable system for storing and validating credentials. Each credential is encrypted and recorded as a transaction on the blockchain, creating a permanent, tamper-proof record of authenticity. Employers and stakeholders can instantly verify these credentials without the need for intermediaries, significantly reducing the risks of fraud and corruption.

The Massachusetts Institute of Technology (MIT) Digital Diploma program is an exemplary application of this innovation, which leverages blockchain technology to issue digital degrees to graduates. These credentials can be verified seamlessly through an online portal, bypassing traditional verification procedures and ensuring their legitimacy. This approach not only enhances security and trust in the hiring process but also saves valuable time and resources for both employers and candidates. Blockchain-enabled credential verification promotes sustainability by streamlining authentication processes and reducing reliance on paper-based documentation. Blockchain enhances efficiency, transparency, and trust in HR practices by eliminating administrative bottlenecks and manual verification methods. Furthermore, this technology supports sustainable HRM by minimizing resource consumption, improving operational effectiveness, and fostering confidence in the integrity of credential verification processes.

3.1. Theoretical framework

Various influential theories and frameworks establish a robust connection between human resource management (HRM), corporate strategy, and innovation. These frameworks underscore the strategic role of HR in aligning human capital with organizational objectives, fostering innovation, and sustaining a competitive advantage. They highlight HR's pivotal role in driving organizational success and innovation by shaping policies that cultivate a culture of exploration and exploitation, balancing short-term performance with long-term innovative capacity.

The resource-based view (RBV) serves as a foundational framework for examining the contribution of organizational resources, including human capital, to achieving competitive advantage. Within the RBV paradigm, strategic HRM practices are evaluated on the basis of their value, rarity, and inimitability, all of which influence the sustainability of innovation. This perspective offers critical insights into how organizations can leverage HR strategies to remain adaptive and innovative. Integrating blockchain technology into HR practices represents transformative advancement with the potential to enhance organizational sustainability.

Institutional theory and the RBV provide a strong foundation for understanding this integration. According to the RBV, organizations can secure a sustainable competitive advantage by harnessing resources that are valuable, rare, and difficult to replicate. Blockchain technology aligns with these criteria by delivering unparalleled benefits to HR processes, including enhanced data security, transparency, and operational efficiency. By applying these theoretical frameworks, this study elucidates the strategic and innovative implications of blockchain technology within HRM, positioning it as a critical enabler of sustainable competitive advantage in contemporary organizations.

3.2. Blockchain's alignment with protocol standards in human resource management

Blockchain technology demonstrates robust conformity with protocol standards in human resource (HR) management by increasing accountability, transparency, and regulatory compliance. The following aspects illustrate how blockchain technology aligns with these standards:

The blockchain's decentralized and immutable ledger ensures compliance with stringent data protection regulations, such as the Health Insurance Portability and Accountability Act (HIPAA) and the General Data Protection Regulation (GDPR). By encrypting and securely storing HR data across a distributed network of nodes, the blockchain minimizes the risks of data breaches and unauthorized access, ensuring adherence to data privacy and security protocols.

Blockchain provides accessible, auditable transaction records, enabling organizations to demonstrate regulatory compliance. The cryptographic security and time-stamping of each transaction allow stakeholders to trace the complete history of HR-related activities. This transparent audit trail ensures compliance with HR processes and facilitates efficient regulatory audits. The immutable nature of blockchain technology guarantees that HR documentation and transactions, once recorded, cannot be altered or tampered with. This meets legal requirements for maintaining accurate and unchangeable HR records. Blockchain helps organizations adhere to data integrity standards and regulatory mandates for record accuracy by providing a secure record-keeping system.

Blockchain-enabled smart contracts—self-executing agreements encoded within the blockchain—ensure adherence to protocol standards in HR management. By automating contract execution and enforcing compliance with predefined

regulations, smart contracts reduce the risk of noncompliance and statutory violations. For example, smart contracts can streamline compliance training, enforce employment agreement terms, and facilitate regulatory reporting, enhancing overall adherence to HR regulatory requirements (Kumar et al., 2024).Blockchain simplifies regulatory reporting by enabling real-time access to accurate and verified HR data. Organizations can leverage blockchain technology to automate compliance with labor laws, diversity reporting, and employee data disclosure requirements. This reduces administrative burdens while ensuring timely compliance with regulatory mandates. By integrating blockchain technology into HR management, organizations can achieve a secure, efficient, and compliant framework that meets protocol standards and enhances transparency, trust, and operational efficiency.

3.3. Sequential framework for integrating blockchain technology into HR practices

A comprehensive framework is presented to outline a step-by-step approach for leveraging blockchain technology to enhance human resource (HR) operations, with particular emphasis on promoting efficiency, transparency, and sustainability. Figure 1 presents a structured model outlining the key stages through which blockchain can be applied to address contemporary HR challenges.

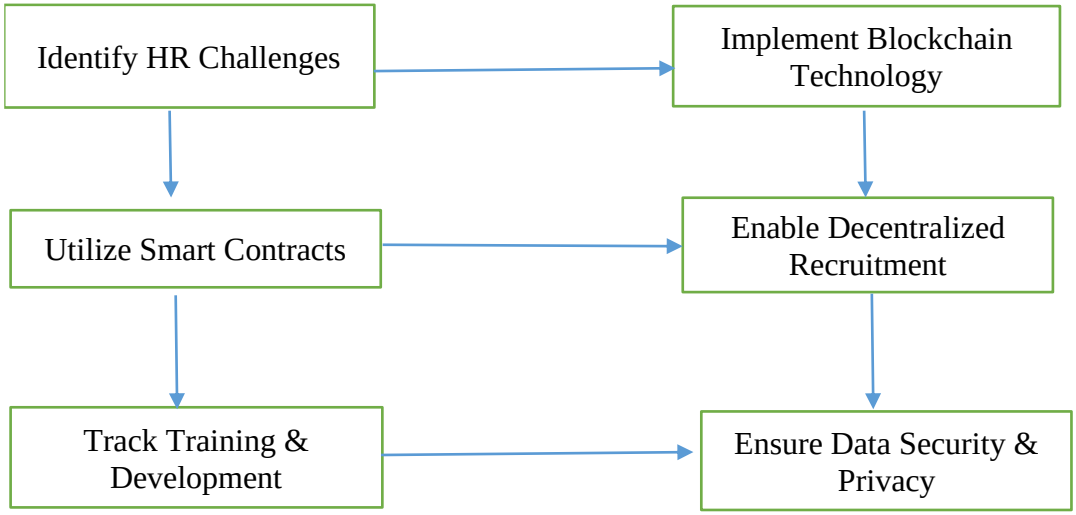

Figure 1 Model showing how the blockchain is being used in HR.

3.4. Steps for blockchain integration in HR

• Identifying HR challenges: Conducting a thorough analysis of the key inefficiencies and limitations in conventional HR systems and identifying areas requiring innovation and improvement.

• Integrate Blockchain Technology: Blockchain technology is implemented to establish decentralization, secure data storage, address data management issues, and enhance operational reliability.

• Leverage Smart Contracts: Utilize self-executing smart contracts to automate key HR processes, including employee onboarding, performance appraisals, and contract administration, reducing manual interventions.

• Enabling Decentralized Recruitment: Deploying blockchain technology to facilitate transparent and secure recruitment processes, ensuring accountability and trust in candidate selection.

• Training and development: blockchain-based systems are utilized to monitor and manage employee training and development, providing a transparent and reliable record of professional growth.

• To increase privacy and data security, the protection of sensitive HR data should be strengthened by leveraging the immutable and encrypted ledger of the blockchain, ensuring compliance with data protection regulations.

This structured approach offers a systematic roadmap for adopting blockchain technology in HR management, demonstrating how each step contributes to the transformative enhancement of HR operations through increased efficiency, transparency, and security.

3.5. Benefits of blockchain technology in human resource management

Blockchain technology offers transformative advantages for human resource (HR) management, significantly enhancing the efficiency, security, and sustainability of HR processes (Kumar et al., 2024). The key benefits include the following:

Blockchain's decentralized and immutable ledger substantially reduces the risk of data tampering and unauthorized access, strengthening privacy and security in HR operations. This secure framework safeguards sensitive HR data while promoting sustainability by mitigating the environmental impacts associated with security breaches and regulatory

noncompliance. A Deloitte survey revealed that 48% of HR practitioners recognized blockchain's potential to enhance data security within HR processes.

Blockchain technology enhances transparency and traceability in HR processes, fostering accountability and trust across the organization. By documenting every transaction on an indelible ledger, blockchain enables stakeholders to track the history of HR-related activities, ensuring regulatory compliance and reducing fraud risk. This transparency facilitates efficient resource allocation, minimizes the environmental footprint of noncompliance, and promotes ethical behavior, ultimately advancing sustainable HR practices.

Blockchain automates HR workflows, reducing administrative overhead and improving productivity. Smart contracts embedded in blockchain technology enable the automated execution of HR agreements, such as employment contracts and performance evaluations. According to a PwC survey, 78% of HR executives reported that blockchain enhances the efficiency and cost-effectiveness of HR processes. By optimizing resource utilization, reducing paper-based documentation, and streamlining workflow management, blockchain fosters operational efficiency and supports sustainability initiatives.

3.6. Advancing HR practices with blockchain technology: Credential verification, cost reduction, and candidate experience

Blockchain technology enables the rapid and secure verification of employee credentials, streamlining the recruitment process while ensuring data authenticity. Blockchain-based credentialing systems eliminate the need for manual verification processes, significantly reducing resource consumption and enhancing workflow efficiency. Blockchain fosters operational efficiency and aligns HR practices with sustainability objectives by minimizing reliance on paper-based documentation and simplifying administrative tasks. By reducing resource usage and environmental impact, blockchain supports efficient operations and promotes transparency and trust in HR functions.

According to a McKinsey report, blockchain technology has the potential to reduce operational costs in HR management by up to 50% by eliminating intermediaries and manual processes. Reducing resource consumption and waste generation associated with traditional HR activities enhances financial and environmental sustainability. By reallocating financial savings toward strategic HR initiatives, organizations can strengthen the long-term viability of their HR practices. Blockchain's ability to lower expenses, improve operational efficiency, and encourage responsible resource management underscores its role in fostering sustainable HR operations.

Successful technology adoption in businesses depends on an understanding of employee perspectives. Research comparing the opinions of HR and non-HR professionals regarding the adoption of blockchain in HRM revealed broad consensus regarding the advantages, difficulties, and potential of blockchain, emphasizing the significance of employee alignment and organizational preparedness in digital transformation initiatives (Mishra & Venkatesan, 2021).

Blockchain technology significantly improves the candidate experience by reducing identity theft risk, expediting the application process, and providing a secure and transparent platform for job applications. This fosters greater engagement and trust between employers and candidates, leading to a more positive recruitment experience. Additionally, blockchain enhances data security, transparency, and operational efficiency by decreasing reliance on paper-based documentation and optimizing workflow management. Organizations leveraging blockchain technology can achieve sustainable HR practices while enhancing the experiences of candidates and stakeholders alike. Blockchain technology is a transformative tool in HR management through its ability to accelerate credential verification, reduce costs, and improve the candidate experience. Its contributions to operational efficiency, sustainability, and trust-building position blockchain as a cornerstone for modern, responsible HR practices (Yi et al., 2020).

3.7. Challenges of integrating blockchain technology in HR management

The integration of blockchain technology into human resource (HR) management presents distinct challenges that must be addressed to ensure effective and sustainable implementation (view of the challenges of AI and blockchain in HR-recruiting practices, n.d.).

While blockchain offers significant HR management advantages, navigating regulatory compliance's complexities remains a critical challenge. Different jurisdictions have varying data security and privacy laws, such as the General Data Protection Regulation (GDPR), which imposes stringent requirements for protecting personal information. A key tension arises from the "right to be forgotten," a GDPR principle that conflicts with the immutability of blockchain data. Ensuring compliance with such legal frameworks is essential for handling ethical information and implementing sustainable HR practices. Blockchain technology must adapt to meet these regulatory requirements while maintaining its core attributes of transparency and security (Yi et al., 2020).

Scalability limitations in blockchain networks pose significant challenges, particularly in public blockchains such as Ethereum and Bitcoin, where transaction throughput is constrained. As HR systems generate substantial transaction volumes, these limitations can impede efficiency and sustainability. Although technological advancements such as sharding and layer-two protocols aim to address these scalability concerns, their implementation remains complex and challenging. Enhancing scalability is critical for supporting efficient transaction processing and minimizing resource consumption in sustainable HR

operations. As Yi et al. (2020) highlight, ongoing advancements in blockchain technology are essential to facilitate scalable, transparent, and secure HR systems. Addressing regulatory compliance and scalability issues is imperative for successfully integrating blockchain technology in HR management. By resolving these challenges, organizations can unlock the full potential of blockchain while maintaining ethical, efficient, and sustainable HR practices.

The implementation of blockchain technology in HR management involves several critical challenges that must be addressed to ensure effective, secure, and sustainable operations.

Interoperability issues arise when blockchain is integrated with existing HR systems, as standard protocols for data exchange and innovative contract compliance are often lacking. These challenges hinder seamless integration and data sharing between blockchain platforms and legacy databases. To fully harness blockchain's potential in HR management, it is essential to develop robust interoperability standards. Efficient data handling and system integration are pivotal for minimizing resource utilization and optimizing productivity in sustainable HR practices. As Yi et al. (2020) emphasized, establishing interoperability standards is critical for advancing sustainability and enhancing the effective use of blockchain in HR operations.

The successful adoption of blockchain technology in HR requires user acceptance and education. Many HR professionals lack familiarity with blockchain concepts, which impedes adoption efforts. Sustainable HR practices rely on informed decision-making and effective resource management. Therefore, organizations must invest in education and training programs to ensure that HR personnel are well versed in blockchain principles and best practices. Additionally, developing user-friendly tools and graphical interfaces for blockchain-enabled HR solutions can facilitate communication, increase user acceptance, and streamline the adoption of sustainable HR operations (Yi et al., 2020). The above-mentioned design demonstrates that in order for blockchain to be successful in HR procedures, knowledge must be created or acquired to guarantee that the most effective techniques are used. This covers consensus algorithms, encryption techniques, and distributed networks. (Gupta, 2019)

Additionally, companies must determine if their current IT infrastructure can handle the requirements of blockchain solutions, which frequently call for significant updating or, in certain situations, the reconstruction of historical systems. (Clohessy et al, 2018)

Despite the inherent security features of the blockchain, vulnerabilities such as 51% attacks and smart contract errors pose risks to HR operations. Robust security protocols and continuous monitoring are necessary to protect sensitive HR data stored on the blockchain. Maintaining data security is crucial for maintaining the integrity and trust of HR systems, which are foundational to sustainable HR practices. To mitigate risks, organizations must prioritize developing and implementing advanced security measures, ensuring the protection of confidential HR data (Yi et al., 2020).

The high costs associated with blockchain technology present significant challenges to its widespread adoption in HR. Initial investment and ongoing maintenance expenses can be prohibitive, particularly for SMEs. Overcoming financial barriers requires collaborative initiatives and the development of affordable blockchain solutions. By reducing these costs, organizations can enable broader adoption of blockchain in HR, enhance resource allocation, and promote long-term sustainability in HR operations. Lowering financial obstacles is essential for fostering efficiency and ensuring equitable access to innovative HR solutions (Yi et al., 2020). Every process, including recruiting, payroll, transactions, and performance reviews, is carried out and recorded on the blockchain, making it simple to track down any action at any given moment. Because every modification is meticulously documented and readily auditable, there is no longer any possibility of fraud or manipulation ever occurring (Catalini & Gans, 2020)

Organizations may create sophisticated, safe, and effective HR solutions to build the foundation of a future workforce management strategy the more they explore and implement blockchain's potential. (Tapscott & Tapscott, 2016). Addressing these challenges is vital for integrating blockchain technology effectively into HR management. Organizations can unlock Blockchain's full potential by overcoming issues related to interoperability, user education, security, and cost while advancing sustainable and innovative HR practices.

4. Limitations

This study faced certain constraints, primarily due to limited time and the absence of an empirical investigation. Additionally, the dynamic nature of organizational strategies, structures, and cultures is challenging, as these elements continuously evolve. Consequently, the research may not fully capture the complexities of these transformations or their implications for fostering sustainable innovation through blockchain technology.

5. Future Scope of Research

The study "Blockchain as a catalyst for sustainable and ethical practices" highlights several promising avenues for further research to deepen our understanding of human resource management (HRM), sustainability, and technological innovation.

1. Longitudinal studies: Future research could explore the long-term effects of restructured HR strategies, providing insights into the sustainability and adaptability of these innovations over time.
2. Comparative Analysis: Conducting comparative evaluations across industries and global contexts may reveal variations in adopting and implementing blockchain technology in HR practices.

3. Emerging Technologies and HRM: Investigating the influence of other emerging technologies on HRM and the relationship between innovative HR methodologies and employee well-being represents a vital area of focus.
4. Startups and ESG Integration: Analyzing the impact of HR policies in startup environments and their integration with environmental, social, and governance (ESG) indicators could provide valuable insights into aligning sustainability with entrepreneurial contexts.
5. Stakeholder Perspectives: Exploring stakeholder perspectives on sustainable HR practices would enhance the understanding of their role in shaping effective and inclusive HRM strategies.
6. Standardization and Resilience: Future studies should prioritize the development of consistent standards for sustainable innovation and address challenges related to resilience and change management in adopting blockchain technologies.
7. Interdisciplinary Approaches: Encouraging interdisciplinary research would broaden the scope of understanding and provide comprehensive solutions for integrating sustainability and technological innovation in HRM.

By investigating these areas, future research can enrich academic discourse and offer practical guidance for organizations aiming to embed sustainability and innovation in their HRM practices effectively. Such endeavors would contribute to theoretical advancements and actionable strategies for fostering sustainable and resilient HR operations.

6. Conclusion

Blockchain technology offers significant potential to support sustainable human resource (HR) practices. This study explored the transformative effects of blockchain on HR management, including enhanced data security, improved transparency, streamlined processes, and cost reductions. By leveraging blockchain, organizations can safeguard the confidentiality and integrity of HR data, foster accountability and trust among stakeholders, and optimize resource utilization. However, to fully realize these benefits, challenges related to security vulnerabilities, scalability limitations, and regulatory compliance must be effectively addressed.

Blockchain-based solutions present promising opportunities to enable environmentally conscious and efficient HR practices. Organizations adopting this technology can strengthen data authenticity, promote transparent operations, and optimize resource efficiency. Despite its numerous advantages, overcoming implementation barriers, such as security concerns, legal complexities, and scalability constraints, remains critical to successfully integrating blockchain into HR processes.

Collaboration among industry stakeholders, policymakers, and technology providers is essential to promote sustainable HR practices. Establishing cooperative initiatives, affordable solutions, and interoperable standards can help eliminate adoption barriers, enabling organizations of all sizes to benefit from Blockchain's transformative potential in HR administration.

Blockchain technology has demonstrated significant promise as a transformative tool for sustainable HR management. By enhancing operational efficiency, transparency, and trust, blockchain can drive innovation, improve decision-making, and foster a culture of sustainability in HR practices. As organizations navigate the complexities of digital transformation, addressing blockchain-related challenges will be key to achieving sustained success and advancing the future of HR management. The capacity to improve data security, enhance transparency, and streamline processes positions blockchain as a transformative force in modern HR practices.

Acknowledgment

We wish to acknowledge the support given by the respective guides and mentors through this research process, who provided good insights and feedback.

Ethical Considerations

Not applicable.

Conflict of Interest

The authors declare that they have no conflicts of interest.

Funding

This research did not receive any financial support.

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