Nicolas Viader

**Smart Contracts Against Labor Mismatches**

**HT Blockchain Competition**

Labor mismatches is an issue which we have learned to deal with in our first jobs. When we are young and we are looking for our first jobs, we only think in earning money, and sometimes we don’t know or we ignore the injustices or inequalities from our job contracts, such as the non-payment of extra hours or the obligation to do an unassigned task. With the implementation of Blockchain and Smart Contracts in labor world, we can fix those irregularities by establishing a series of conditions signed before by both parts, the boss and the employee, to avoid

First of all, to talk more about how to fight against those labor injustices through Smart Contracts, we should define what is a Smart Contract and its relation with Blockchain. Smart contracts are just lines of codes stored on a Blockchain that are executed when predetermined conditions and terms are fulfilled. In our case, the program will display the payments, if and only if the boss kept his word of what were the conditions of the worker, and the employee also meets successfully the conditions stablished before in the Smart Contract. Those conditions and the fulfillment of these, will be supervised by other users by the Blockchain system.

These Smart Contracts will have an algorithm consisting of differents parts, creating a series of conditions, where if all they are true, the employee will get his corresponding salary no matter what. The four parts of the algorithm would be :

* 1. Both parts of the contract, boss and employee, where they will rule the job conditions that the employee will have to accomplish in a certain period of time to get his earnings. This can be for example the number of hours per-week that the employee must work, always ruled by the Government and the Labor Rights, or the incentives for extra-hours. If both parts of the contract agree the agreed contract, they will sign it and the contract will be stored in a Blockchain and it will lead to step two.
* 2.  The Government, which will rule the conditions of the job contract depending on the laws, the Labor Rights and the worker. Not all the jobs requires the same amount of time, the same conditions or the same salary. The organization in charge of confirm and validate the contract will have access to lead to step three or not.

* 3. Once the contract is validated, every job will have an obligatory attendance system, in which all workers will have to confirm an attendance every time they go and come, to control how many hours each employee does per-month. The information will be stored in a decentralized network, as Blockchain does, so this information cannot be modified and will be transparent for all the users. If the worker meets the assigned hours, the algorithm will lead to step four. If not, it will calculate his correspondent salary based on the hours and the contract conditions. And then led to step four

* 4. The banks. Once the algorithm is on step four, this will mean that the worker completed his duties and the banks will receive the confirmation to display his payment. The payment will be instantaneous, because it is attached to an algorithm and once it’s true, the worker will receive his economic part. This will avoid delays on payments, misunderstanding of contracts and all kinds of problems that nowadays the worker find at his payments. The managers or bosses won’t have to pay you: it will be the bank who directly pays the correspondent amount depending on the result of the algorithm and conditions of the Smart Contract.

 With the implementation of these Smart Contracts and this algorithm in our society, it cannot only change the labor market, it can change the economy of the country.