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# LABOUR AUDITS AS A TOOL FOR DETECTING AND COMBATING CORRUPTION

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## Abstract

Employment practices, payroll processes, workplace governance, and recruitment often provide opportunities for corruption. Therefore, labour audits are a crucial mechanism for the prevention and detection of corruption. The purpose of this article is to examine the role of labour audits as an instrument for detecting and combating corruption, with particular reference to the Ukrainian context and its integration into broader international debates. The methodological framework combined philosophical reasoning, system analysis and synthesis, the formal legal method, dialectical reasoning, as well as methods of induction and deduction. These approaches support both a normative legal interpretation of corruption and a systemic analysis of audit practices. The findings indicate that labour audits are effective in identifying financial fraud, wage manipulation, tax evasion, misappropriation of benefits, child labour, unsafe working conditions, and discriminatory practices. They also demonstrate that supply chain monitoring, transparency of records, workforce surveys, and internal control evaluations are critical in uncovering corruption risks. The study concluded that the adoption of harmonised regulations, continuous auditor training, and technological innovation can significantly enhance the role of audits in safeguarding fair labour practices.

**Keywords:** labour audit, corruption, corruption offence, data analytics, auditor

## **INTRODUCTION**

There is no doubt that corruption, whether systemic or isolated, has always been seen as a major obstacle to the development of a country's economy and its political movement. In particular, corruption significantly distorts the generally accepted and accurate understanding of the incentives for investment; furthermore, its existence poses a threat to such incentives. Corruption severely undermines state institutions and distributes wealth, power, leverage, and resources in favour of undeserving individuals: it facilitates the unimpeded and illegal withdrawal of assets and export of resources and contributes to the emergence of a permanent distrust in society towards each other, as well as towards authorised persons from various institutions and organisations (Jeppesen, 2019).

In line with the topic of this study, it is necessary to define the concept of corruption. According to Article 1 of the Law of Ukraine "On Prevention of Corruption" (Verkhovna Rada of Ukraine, 2014), corruption is the use by a person of their official powers or related opportunities in order to obtain an unlawful benefit, or acceptance of such benefit, or acceptance of a promise (offer) of such benefit for themselves or other persons; corruption also involves a promise (offer) or provision of an unlawful benefit to a person or, at their request, to other individuals or legal entities in order to persuade this person to abuse their official powers or related opportunities. It is also important to note that a corruption offence, in accordance with the provisions of this Article, is an act containing signs of corruption committed by a person, for which the law establishes criminal, disciplinary, and (or) civil liability.

In addition to the general legal definition contained in Article 1 of the Law of Ukraine "On Prevention of Corruption" (Verkhovna Rada of Ukraine, 2014), it is essential to consider the approach taken by the Criminal Code of Ukraine and related legislation to frame corruption offences. Articles 364-369 of the Criminal Code of Ukraine (Verkhovna Rada of Ukraine, 2001) criminalise the abuse of office, the acceptance or provision of unlawful benefits, the abuse of influence, and official negligence. These legislations focus primarily on acts committed by public officials or persons performing public functions. Nevertheless, they are directly relevant to labour relations, where officials of state-owned enterprises, labour inspectors, or managers of private entities with delegated authority exercise discretion over employment, remuneration, or procurement. For example, the acceptance of bribes in exchange for concealing labour standard violations falls squarely within the scope of these criminal provisions.

National anti-corruption laws further broaden this perspective by introducing related categories such as conflict of interest, illicit enrichment, and failure to declare assets (Verkhovna Rada of Ukraine, 1999, 2015a, 2015b). Although these aspects are often considered within the domain of public administration, they are frequently observed in labour audits: undeclared secondary employment, nepotism in recruitment, or hidden ownership links between auditors and audited companies may constitute corruption risks that undermine the audit process itself (Verkhovna Rada of Ukraine, 1971). Thus, the legal definitions of corruption are primarily punitive and offence-based in the Ukrainian legislation: they focus on sanctioning acts after they have been committed.

By contrast, scholarly and international definitions emphasise the structural and preventive dimensions of corruption. Thus, Transparency International (2019) described corruption as the "abuse of entrusted power for private gain". Rose-Ackerman (1999) and Heidenheimer et al. (2024) high-

light how corruption distorts institutional functioning and socio-economic relations. When these perspectives are synthesised, it becomes clear that labour audits occupy a crucial middle ground. From a legal standpoint, they are instruments used to identify violations that may amount to corruption offences under national criminal or administrative law. In terms of academic studies, labour audits act as preventive mechanisms, detecting patterns such as nepotism, payroll manipulation, or systemic underpayment that may not always rise to the level of criminal liability, but continue to reflect corruption in its broader socio-economic sense (Jeppesen, 2019).

In this study, corruption in the labour sphere can be defined as any unlawful or unethical use of entrusted authority, discretion, or processes in the labour relations, whether in recruitment, remuneration, oversight, or workplace governance, for the purpose of obtaining personal or institutional advantage, in violation of legal norms, professional standards, or societal trust. This definition integrates the strict legal criteria of Ukrainian national law with the broader academic understanding of corruption as a systemic phenomenon. Importantly, it highlights why labour audits are indispensable: they not only establish compliance with labour legislation but also act as a bridge between detecting legally punishable corruption offences and addressing the wider structural practices that undermine fairness, transparency, and trust in the labour market.

In 2018, the World Economic Forum estimated that the cost of corruption is USD 3.6 trillion, which equates to more than 5% of the global gross domestic product, and that corruption increases the cost of doing business by 10%. The annual cost of bribery alone is estimated at around 2% of the global gross domestic product (Johnson, 2018). Thus, there is a strong case for governments and businesses to step up their fight against corruption.

With regard to corruption in Ukraine, it is important to note that it has gained momentum and is considered the second major problem after the war. This is the opinion of 89% of Ukrainian citizens, with political corruption being the main and most serious type of corruption (81%) (Ukrainian Sociological Portal, 2023). This widespread corruption has been facilitated by the active inflow of financial resources from abroad to ease the war's aftermath and improve the country's defence capabilities, but for many, this serves as a "green light" to use such funds for their own benefit. At the same time, public opinion reflects both frustration and cautious optimism. While 94% of citizens still believe corruption is widespread, a significant proportion also recognise an increase in exposure to corrupt acts, especially in the labour sector. Here, individuals with substantial authority, whether in state-owned or private enterprises, often exploit their positions for personal gain. Although it may seem counterintuitive, this has been accompanied by a rising trust in specialised anti-corruption institutions. According to the Ukrainian Sociological Portal survey (2023), trust in the Security Service of Ukraine rose from 12% in 2021 to 40% in 2023, while trust in the National Police increased from 11% to 31% over the same period.

Against this backdrop, the purpose of this research is to examine the role of labour audits as a mechanism for detecting and combating corruption, with a particular focus on their relevance in the Ukrainian context. To achieve this purpose, the study addresses the following objectives:

1. assessing the importance of labour audits as a tool for ensuring compliance with labour legislation and preventing corruption in employment relations.

2. analysing the specific forms of corrupt practices that can be identified through labour audits, with an emphasis on financial irregularities and exploitative labour practices.
3. exploring the role of technology and data analytics in enhancing the effectiveness of labour audits for corruption detection.
4. identifying the main challenges encountered by auditors when conducting labour audits and addressing corruption risks.
5. formulating practical recommendations for improving the efficiency and effectiveness of labour audits as part of Ukraine's broader anti-corruption strategy.

## **LITERATURE REVIEW**

The study of corruption in labour relations has attracted considerable academic attention due to its profound implications for economic development, institutional integrity, and social trust. Early foundational works established corruption not only as individual misconduct, but as a systemic phenomenon closely tied to weak institutions and underdeveloped legal systems. In this context, Mauro (1997) demonstrated empirically that corruption reduces investment and growth, undermines public spending on education, and distorts employment opportunities. This perspective remains crucial in understanding the long-term economic consequences of corruption, including its influence on labour market outcomes.

Building on this macroeconomic perspective, Schneider and Williams (2013) analysed the shadow economy as a cause and consequence of corruption and they emphasised how informality thrives when institutions are weak. Their findings highlight the cyclical relationship between corruption and shadow labour practices, including underreported wages and non-contractual employment, which are the core issues addressed by labour audits. Similarly, Cooray and Dzhumashev (2018) empirically demonstrated that corruption lowers productivity and shifts employment into informal sectors, which confirmed the negative link between corruption and labour supply. These insights are directly relevant to Ukraine, where shadow employment remains widespread and undermines fair competition.

If corruption is considered within institutional and governmental aspects, Klitgaard (1988) famously conceptualised it as a product of monopoly, discretion, and lack of accountability. Although it was developed decades ago, this framework continues to inform modern anti-corruption mechanisms, including the rationale for audits as tools that enhance transparency and reduce discretion. Rose-Ackerman and Palifka (2016) expanded this argument by stressing the importance of preventive mechanisms alongside punitive measures, thus, positioning audits within the wider strategy for institutional reform.

Recent empirical work has examined audits themselves as anti-corruption instruments. Using data from Brazil, Ferraz and Finan (2008) showed that randomised audits of municipalities significantly reduced corruption and altered electoral outcomes by informing citizens about irregularities. This demonstrates the dual role of audits: they are a detection mechanism and a tool for accountability through public disclosure. Decarolis et al. (2020) analysed Italian procurement data and found

that discretion in contracting correlates strongly with corruption risk, and that transparent audit practices can mitigate this. These studies underscore how audits can deter misconduct in labour and procurement processes when designed with independence and transparency.

The integration of technology into auditing is a new, but pertinent topic. Fazekas and Kocsis (2017) developed corruption risk indicators based on procurement datasets. This shows that data analytics improves early detection of irregularities. The European Court of Auditors (2019) echoed this finding, recommending big data and digital platforms as essential tools for identifying red flags in payroll and labour practices. These insights are crucial for Ukraine, where the digitisation of labour inspection remains underdeveloped, but offers considerable potential.

When viewed specifically from the perspective of labour relations, the role of audits is further reinforced. Giannetti et al. (2021) examined Chinese firms and found that corruption distorts labour allocation, lowers productivity, and incentivises exploitative practices such as underpayment and unsafe conditions. In the European context, Sargiacomo et al. (2024) conceptualised audits as public-interest institutions that safeguard not only financial integrity, but also social justice in employment relations. Their findings align with Ostapenko (2022), who emphasised that nepotism, bribery, and shadow employment in Ukraine require targeted labour audits as preventive measures.

Finally, several interdisciplinary reviews have examined the effectiveness of anti-corruption interventions. Gans-Morse et al. (2018) argued that policies focusing solely on punishment are insufficient; systemic approaches such as audits and transparency initiatives are necessary to address “need” versus “greed” corruption. Olken and Pande (2012) synthesised evidence from developing countries, concluding that community monitoring, public disclosure, and third-party audits significantly reduce the misuse of resources.

Thus, the analysis of academic literature confirms that corruption undermines labour markets through informality, exploitation, and inefficiency, while audits play a dual role of corruption detection and prevention. International experiences from Brazil, Italy, China, and the European Union (EU) show that audits can meaningfully reduce corruption when embedded within transparent and participatory frameworks. For Ukraine, where corruption in labour relations remains acute, adopting both traditional audit mechanisms and digital innovations could be transformative.

## **METHODOLOGICAL FRAMEWORK**

The methodological framework of this study consists of the general philosophical method of research, systematic analysis and synthesis, the formal legal method, the dialectical method, as well as the methods of deduction and induction. These methods of scientific research contributed to the necessary conclusions and recommendations, which were the focus of this article.

The general philosophical method of scientific research is the cross-cutting approach adopted this article, and it was used at all stages of research, in combination with other methods. The method of systematic analysis was also used at different stages of the research, namely, this method contributed to a detailed analysis and determination of the importance of labour audits as a tool for

detecting and combating corruption. Moreover, this method was also used to analyse the challenges faced by auditors when conducting labour audits.

In turn, the synthesis method was used to form a common vision of labour audits, as well as to identify the specifics of detecting corrupt practices through labour audits, in terms of financial irregularities and exploitative labour practices, as well as other important related aspects. The formal legal method provided interpretations of the concepts of corruption, audit analytics, and labour audits. In order to provide the main characteristics of corruption and corruption offences, the study relied on the method of analysing regulatory documents in combination with the formal legal method. The research also used the dialectical method to reveal the challenges that arise in the field of labour relations in the process of labour audits.

In addition, the method of deduction was used to determine the role of labour audits in the process of detecting and combating corruption. The method of induction was used to conclude that labour audits are important in the process of combating corruption at various enterprises of different types of subordination and ownership. The research methods contributed to understanding the features of the current situation with respect to labour audits and the detection of corruption.

## **RESULTS**

### **Identifying corrupt practices through labour audits**

Labour audits are primarily aimed at identifying corrupt practices, and, by their very nature, involve checking various aspects of a company's operations for compliance with ethical and legal standards. It is important to focus on the following key aspects of labour audits (described below) to minimise the potential for corruption.

Financial irregularities are among the most frequent problems uncovered during labour audits. One important aspect involves the introduction of overtime work and the proper application of remuneration procedures. Auditors must verify compliance with minimum wage legislation and assess whether employees are receiving the full range of legally approved payments, such as bonuses or supplements. They also check whether overtime pay is provided in accordance with statutory procedures and established calculation schemes (Colonnelli et al., 2022). In some cases, remuneration is documented on paper, but not actually transferred to the employee, which prompts further inspections to determine whether authorised staff are abusing their positions for personal gain.

Closely connected to this are instances of salary fraud, where audits often reveal fraudulent schemes designed to divert company funds. These may include fictitious employees, inflated working hours recorded as regular shifts, or the payment of unauthorised bonuses that exceed the levels indicated in official documents (Decarolis et al., 2020). Another significant focus of audits concerns tax evasion. Inspectors evaluate whether employers are accurately calculating and paying taxes for each employee, ensuring that contributions correspond to reported working hours and salaries.

Finally, special attention is given to benefits and social contributions, such as health insurance, pensions, or other forms of employee support. Auditors review the relevant documentation to ensure these benefits are provided transparently and in full compliance with labour law. If discrepancies or concealment of such payments are detected, it often signals misuse of authority or corrupt practices, leading to unlawful enrichment of those responsible (Decarolis et al., 2020).

Exploitative labour practices remain a critical area of concern in labour audits. One of the first steps auditors take is to verify the age of employees in order to prevent the illegal use of child labour. This involves checking whether minors are being engaged in heavy or hazardous work, or whether employers are attempting to reduce costs by hiring underage workers and paying them below the minimum wage, even in jurisdictions where limited employment of minors is legally permitted (Giannetti et al., 2021).

Another pressing issue relates to unsafe working conditions, which are often linked not only to negligence, but also to corruption. Auditors evaluate whether employers comply with health and safety regulations, since funds allocated for labour protection are sometimes misappropriated by management, while being reported in official documents as legitimate expenditures. By comparing actual workplace conditions with declared spending, auditors can identify discrepancies that reveal both unsafe environments and potential financial misconduct (Colonnelli et al., 2022).

Labour audits also place strong emphasis on preventing harassment and discrimination. Inspectors examine whether employees face unfair treatment based on gender, race, religion, or other unlawful grounds. Such practices, aside from being unethical and illegal, may coincide with other exploitative patterns that point to corruption (Rahman, 2021). A related aspect concerns freedom of association, where auditors verify whether workers are able to join trade unions, engage in collective bargaining, and exercise their rights without fear of dismissal. Any restrictions in this area can reinforce exploitative structures and increase the risk of corrupt practices.

Beyond these central concerns, labour audits also extend to several additional areas that strengthen their effectiveness. These include examining the entire supply chain to ensure that contractors and suppliers also adhere to fair labour standards, since questionable third-party practices can compromise organisational integrity (Rahman, 2021). Likewise, auditors assess the transparency of records and documentation, where the discovery of forged or falsified employment contracts often signal attempts to conceal corruption. Complementing this, employee surveys are conducted to collect first-hand accounts of workplace conditions and detect possible abuses of authority (Olken & Pande, 2012).

Equally important is the evaluation of internal control mechanisms. Organisations with established codes of ethics, disciplinary systems, and clear reporting channels for corruption risks tend to prevent offences at an early stage, whereas the absence of such structures creates opportunities for misconduct (Decarolis et al., 2020). To reinforce this, companies are encouraged to maintain training programmes and awareness campaigns that familiarise employees with anti-corruption policies, labour law, and ethical standards. A lack of such awareness often becomes a catalyst for both staff and management to engage in corrupt schemes (Colonnelli et al., 2022).

Finally, auditors must also account for compliance with legal norms across multiple jurisdictions, since global operations often face differing labour requirements. Failure to address these differences can result in unintentional violations, which, if left unchecked, may escalate into deliberate exploitation (Goldman & Zeume, 2020).

Taken together, these measures highlight the role of labour audits as a comprehensive tool for preventing and combating corruption. To be effective, audits must cover not only organisational documentation and management practices, but also employee experiences and external supply chain relationships. When conducted regularly by qualified professionals with expertise in labour and anti-corruption legislation, such audits can significantly reduce the risks of misconduct and strengthen the ethical foundations of business operations (Fisman & Svensson, 2007).

### **Role of technology in labour audits**

Technology does not stand still: all public authorities are moving to simplified platforms, creating several registers, and using various electronic tools in their activities. Moreover, along with the increased use of several electronic platforms and systems, the ability to understand and manage various electronic systems has fundamentally changed. In turn, the way to measure the effectiveness of combating and preventing corruption, including in the labour sector, is also transforming. While measuring fraud and corruption is inherently complex and has consistently relied on proxies such as expert surveys or institutional reviews, big data analytics offers a unique new level of accuracy at a scale that can be used to systematically assess risk in real time (Aldar International for Governance Consultancy, 2024).

The direct application of big data analytics to auditors is a good tool for detecting and combating corruption in the field of labour relations, because, firstly, it facilitates the process of making a decision for specific monitoring, auditing, investigating certain transactions, and so on. Secondly, big data analytics provides relevant information for making important corporate decisions at the institutional level on resource allocation, such as labour capacity development, and so on. (Italian National Anti-Corruption Authority & Network of Corruption Prevention Authorities, 2021).

Big data analytics generally determine the need for an in-depth labour audit as such. For example, financial institutions, or regulatory and anti-corruption authorities can use procurement data analytics to identify unusual or suspicious transactions for audit or further investigation, as well as to identify high-risk areas for in-depth supervision (Fazekas et al., 2016).

Moreover, the active use of big data analytics has led to the emergence of entirely new terms. These include the term “audit analytics”, which indicates the use of analytics by audit firms to assess the effectiveness of internal controls at an enterprise and monitor financial transactions or compliance procedures (Aldar International for Governance Consultancy, 2024). It is important to note that quantitative analysis of corruption risk in an enterprise is often used to explain general management decisions based on measures aimed at providing services or monitoring the implementation of programmes.

Speaking in more detail about the use of data analytics in the labour sector, it is worth noting that its use significantly increases the chances of detecting signs of corruption during labour audits.

Below are some of the different capabilities of data analytics that organisations can use to mitigate the potential risks of corruption or other undesirable aspects that may be identified during a labour audit:

1. *Identify anomalies in salary data* - Data analytics can be an effective tool for identifying relevant variables in payroll, especially when there are overtime hours or individual salary adjustments. If such variables cannot be explained logically, this may indicate the presence of corruption or fraud. This greatly simplifies the labour audit process and makes it much more effective.
2. *Comprehensive monitoring* - Auditors can analyse various payments and charges between suppliers and contractors much faster. Data analytics can easily identify unexplained invoices, advances, prepayments, or different types of shady schemes that are direct evidence of corruption on the part of either an employee or even a manager (Italian National Anti-Corruption Authority & Network of Corruption Prevention Authorities, 2021).
3. *Analysis of labour turnover* - The information received on the turnover and frequency of dismissals and subsequent employment makes it possible to rapidly draw conclusions about the internal structure and direction of the company. High staff turnover can, in some cases, indicate problems such as exploitation and poor working conditions, which can be directly linked to corruption (Yaroshenko et al., 2023).
4. *Analysis of working hours and attendance* - As noted above, there is often fictitious employment for the sake of additional financial gain for other employees or management. This is why data analytics is an effective tool for auditors to track down such fictitious employees who are legally paid but receive payment from someone else. Such actions are a direct indication of how corruption is flourishing in the enterprise (European Court of Auditors, 2019).
5. *Analysis of the state of safety in the workplace* - This aspect requires considering previous incidents in the workplace, the employer's response to such situations, what actions were taken, and their recurrence. The issue of allocating funds to eliminate problems also remains important. An increased frequency of safety problems in certain cases and under certain conditions may indicate corrupt practices or non-compliance with safety standards (Fazekas et al., 2016).
6. *Unexplained expenditures in enterprises* - Data analytics is often used to track unreasonable expenditures reported by all members of the workforce; it helps identify patterns related to such expenses (kickbacks and bribes), explain the causes, and predict the consequences.
7. *Internal control monitoring* - Monitoring and analysis of user access and authorisation logs help identify any unauthorised access to sensitive human resources and payroll systems. This can prevent insider threats or fraudulent activity (Melnik et al., 2022).

In order for data analytics to produce effective results in labour audits, audit organisations must allocate significant financial resources to improve these systems. Moreover, in the course of obtaining audit results, it is important that auditors and lawyers cooperate to formulate correct and logical conclusions, as well as to interpret the audit correctly (Italian National Anti-Corruption Authority & Network of Corruption Prevention Authorities, 2021). Since the introduction of a data analytics system for effective labour audits brings positive changes, it is worth analysing this aspect

in detail, given that possible future trends in technological labour audits will be driven by rapid technological progress. These include the following:

1. *Artificial intelligence technologies*

It will come as no surprise that artificial intelligence and machine learning are increasingly being used in diverse areas of life (Fazekas & Kocsis, 2017). Artificial intelligence algorithms are widely used for predictive analytics: this can help auditors identify potential corruption risks based on certain established patterns and the history of a particular company. Moreover, artificial intelligence can also be used to detect so-called anomalies, allowing for faster detection of various violations in labour documents that may correspond to the presence of signs of a corruption offence (Aldar International for Governance Consultancy, 2024).

2. *Blockchain technology*

Using blockchain technology, transparency in accounting can be ensured. Moreover, under these conditions, secure audit trails for transactions will be created. Taken together, this will help increase the reliability of monitoring, the amount of information received, and the effectiveness of the audit. It should also be noted that the use of such technology can easily prevent various financial manipulations and fraud (European Court of Auditors, 2019).

3. *Robotic process automation (RPA)*

This tool can significantly simplify the usual routine actions carried out by auditors, which will in turn allow them to spend more time on complex analyses and conclusions in accordance with the results of the audit (Fazekas et al., 2016). This is believed to lead to increased efficiency and reduced human error. For example, in the case of real-time monitoring (i.e.) analysing and tracking all labour-related activities important to the auditors on an ongoing basis. Ideally, this will contribute to more effectively preventing corruption at its earliest stages.

Virtual reality or augmented reality technologies can greatly facilitate auditors' inspection processes by allowing them to virtually inspect workplaces and gain insight into working conditions, without being physically present (Fazekas et al., 2016).

## **DISCUSSION**

Labour audits face a broad set of challenges, which can be grouped into legislative, organisational, technological, and behavioural dimensions. These challenges are observed in domestic and international contexts, reflecting the global complexity of labour regulation and compliance. First, the complexity and variability of labour legislation can pose significant barriers. Different jurisdictions interpret and implement labour norms differently, creating uncertainty for multinational companies when conducting audits and drawing conclusions (Colonnelli et al., 2022). Comparative studies in the EU and Asia demonstrate how divergent regulatory environments complicate the harmonisation of audit practices (OECD, 2025).

Second, global supply chains remain a critical difficulty. Large corporations face obstacles in monitoring compliance not only within their direct workforce, but also across multiple tiers of contrac-

tors and suppliers. Sargiacomo et al. (2024) analysed corporate practices and concluded that even companies with strong compliance policies struggle with dispersed networks. This is consistent with international reports, showing that risks often lie deep in the subcontracting chains, beyond first-tier suppliers (ILO, 2019).

Third, data privacy and information security represent a growing challenge. Labour audits typically process large volumes of sensitive personal and corporate data, requiring strict compliance with data protection rules. Getman et al. (2023) emphasised the risks for auditors handling sensitive information. This aligns with global debates on privacy, such as Hendrickx (2018), who sets out International Labour Organisation (ILO) principles for protecting the personal data of workers in line with GDPR and other frameworks.

Fourth, organisational resistance and cultural barriers hinder audit effectiveness. Employees and managers often resist implementing recommendations, especially when perceived as a threat to established practices or job security. Whistleblower protection is particularly critical, as highlighted by Fisman and Svensson (2007): the researchers emphasised how corruption thrives when protective mechanisms are weak, thus discouraging the reporting of an offense. Similarly, OECD studies (2025) emphasise that weak institutional frameworks and a lack of trust reduce the effectiveness of audit interventions.

Finally, staff turnover and lack of awareness weaken the sustainability of compliance practices. Frequent personnel changes undermine consistent implementation, while insufficient awareness of ethical obligations and criminal liability for corruption exacerbates risks. Kirzhetska and Kirzhetskyy (2021) also underline that high staff turnover negatively affects the embedding of compliance culture.

Against this backdrop, several practical recommendations can be suggested to strengthen the effectiveness of labour audits:

1. empowering audit organisations, while simultaneously ensuring the recruitment of professional and ethically responsible staff;
2. standardising labour legislation across jurisdictions, particularly for multinational enterprises, to ensure clearer compliance rules and audit comparability;
3. imposing stricter sanctions for non-compliance with labour laws and ethical standards to ensure accountability for violations;
4. ensuring continuous professional development for auditors, combined with awareness-raising and training programmes for managers and employees, to foster a culture of ethical behaviour;
5. integrating advanced technologies (artificial intelligence, blockchain, machine learning) to improve objectivity, transparency, and efficiency of audits (also proposed by Mendes and Fazekas (2017);
6. real-time monitoring and collaboration with technology experts to identify and remediate corruption risks rapidly, which complies with Kussainov et al. (2023).

These measures not only address current domestic challenges but also resonate with international debates on labour audit modernisation. By linking legal, technological, and cultural approaches, they provide a multidimensional roadmap for strengthening audit systems.

## **CONCLUSION**

In this study, corruption in the labour sphere is defined as any unlawful or unethical use of entrusted authority, discretion, or processes in the labour relations, whether in recruitment, remuneration, oversight, or workplace governance, for the purpose of obtaining personal or institutional advantage, in violation of legal norms, professional standards, or societal trust.

Labour audits are substantiated to be a key instrument for detecting and combating corruption in labour relations. They help detect corruption risks, protect the rights of workers, and strengthen organisational integrity by addressing issues such as wage fraud, tax evasion, exploitative practices, unsafe conditions, and discrimination. The present study determined that audits, beyond direct financial irregularities, should also examine supply chains, transparency in reporting, workforce interviews, and the effectiveness of internal controls.

This study also showed that modern audits increasingly rely on advanced technologies. Big data analytics, digital registers, and electronic monitoring tools enhance auditors' ability to detect irregularities, track transactions, and provide reliable evidence for decision-making. These tools are substantiated to improve monitoring efficiency and inform broader corporate strategies on resource allocation and labour development.

Despite their importance, labour audits face the following persistent challenges: the complexity of labour legislation across jurisdictions, difficulties in monitoring global supply chains, data protection concerns, resistance from employees and management, and limited awareness of ethical and legal obligations. High staff turnover further undermines consistency in compliance.

To address these barriers, several steps are recommended: strengthening enforcement mechanisms, harmonising labour legislation for multinational enterprises, introducing stricter sanctions for non-compliance, and promoting continuous professional development for auditors. Equally critical are awareness-raising programmes for employees and managers, fostering ethical leadership, and providing whistleblower protection. Finally, integrating advanced technologies such as artificial intelligence, blockchain, and real-time monitoring can increase transparency, objectivity, and efficiency in audits.

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