

ETHICAL DIMENSIONS OF HUMAN RESOURCES AUDITING IN THE DIGITAL ERA

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Abstract

Digital human resources (HR) auditing reshapes organizational practices, enhancing efficiency and fostering innovation through advanced technologies such as artificial intelligence (AI), blockchain, and predictive analytics. However, these tools also pose significant ethical challenges, including data confidentiality, algorithmic bias, and the complexity of international regulatory frameworks. This article examines these ethical dilemmas, emphasizing the impact of digital transformation on organizational culture and providing recommendations for the ethical use of technologies in HR auditing. By prioritizing transparency, security, and diversity, organizations can balance digital benefits with respect for employees' rights and values, establishing digital HR auditing as a cornerstone of sustainable corporate governance.

Keywords: Digital HR auditing, Ethical challenges, Algorithmic bias, Data privacy, Corporate governance.

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1. INTRODUCTION

Digital transformation is one of the most revolutionary forces in the modern organizational environment. It is redefining traditional processes and offering immense opportunities for efficiency and innovation, especially in the field of human resources. By using advanced technologies such as artificial intelligence (AI), blockchain and predictive analytics, human resources auditing is becoming more accurate, faster and more strategic. However, these innovations come with significant challenges, especially in regard to the ethics of their use.

Ethics in digital HR auditing is not just a theoretical concern, but a practical reality that affects the way organizations manage employee data and evaluation processes. Privacy issues, algorithmic bias, lack of transparency and the complexity of international regulations are just a few of the topics that require a

careful and responsible approach. For example, while the use of artificial intelligence algorithms can speed up the recruitment process, there is a risk that these tools perpetuate past biases or do not respect employee privacy.

The role of a well-designed HR audit is to balance these risks, providing organizations with a clear picture of their internal processes while ensuring compliance with ethical and legal norms.

Digital transformation also brings to light a set of questions related to the proper use of data. The increase in the amount of data processed in HR audits makes it essential to implement robust security measures, especially in the face of increasingly complex cyber threats. In this context, HR audits are no longer just a compliance tool, but become a strategic mechanism for strengthening trust between employees and organizations.

Moreover, ethical challenges become even more complex in a globalized context. Multinational companies have to manage regulations that vary significantly from one region to another. At the same time, expectations from employees and other stakeholders are constantly increasing, putting pressure on organizations to adopt ethical and sustainable practices. Alignment between HR audit technologies and international standards, such as ISO 30414, is becoming an essential requirement for companies that want to remain competitive and avoid legal and reputational risks.

In addition to these challenges, the digital transformation in HR auditing also opens up discussions about the social sustainability of new technologies. Automation and the use of algorithms have the potential to reduce administrative barriers and improve decision-making, but they can create a sense of alienation among employees, who may perceive the processes as too impersonal. Organizing feedback sessions and involving employees in the development and implementation of these technologies can contribute to creating a more inclusive work environment, where technological innovation is complemented by human organizational values.

The literature highlights the ethical challenges of digital HR auditing, focusing on four major directions: data privacy, algorithmic bias, the legislative framework, and the ethical implementation of digital solutions. These directions emphasize the need for a strategic approach and concrete measures to transform HR auditing into a process that not only complies with regulations, but also promotes core organizational values.

2. THE IMPACT OF DIGITAL AUDITING ON ORGANIZATIONAL CULTURE

The digital transformation of human resources audit processes is not only redefining the efficiency and accuracy of these activities, but also profoundly influences organizational culture. In an era where technology is becoming an integral part of professional life, the way companies use digital auditing in

human resources can have important consequences on how employees perceive organizational values and practices (Långstedt & Arrowsmith, 2023).

Organizational culture is a collective expression of the beliefs, norms, and behaviors shared by members of an organization. It is that unique “personality” of a company that dictates interactions, decisions, and relationships between employees. In this context, the implementation of digital technologies for human resources auditing can be viewed either as an opportunity to increase trust in this culture or as a potential threat.

On one hand, the use of digital technologies offers organizations the opportunity to promote transparency, fairness, and accountability. Employees who see that performance evaluation or promotion processes are carried out through automated and standardized methods can develop an increased sense of trust. In an environment where decisions are perceived as objective and data-driven, the risks related to favoritism or bias are significantly reduced. This creates an organizational climate in which people feel treated fairly, which contributes to increased commitment and loyalty to the company.

On the other hand, implementing digital auditing is not without risks. One of the main challenges is associated with employees’ perception of new monitoring and evaluation methods. If the introduction of digital technologies is made without clear and open communication, employees may perceive these changes as a form of excessive surveillance or as an attempt to eliminate the human component from management processes. This perception can generate anxiety, distrust and even resistance to new processes. For example, in situations where employees find out that their performance is constantly monitored through digital platforms, this can create a state of unpleasantness. Instead of seeing technology as a tool to support their professional development, many may see it as a tool to track their every move. In such cases, the organizational culture can be negatively affected, transforming an open and collaborative environment into one dominated by suspicion (Binns et al., 2018).

To prevent such effects, organizations must pay close attention to how they communicate the goals and benefits of digital auditing. It is essential that leaders clearly explain why the technology is being implemented, how it works, and how it protects employees’ rights (Coovert & Thompson, 2014).

Another aspect that influences the impact of digital auditing on organizational culture is the extent to which employees feel included in this process. When a company actively involves employees in the development and implementation of technologies, they perceive the changes as a step forward in the organization’s development and not as a unilaterally imposed measure. For example, consulting with teams during the implementation of e-audit platforms can help reduce fears and increase acceptance.

In addition, companies need to balance the digital and human components in their HR audit processes. While technology can standardize and speed up many processes, employees still expect personal

interaction, especially in sensitive situations, such as performance reviews or conflict management. A digital-only approach can seem cold and distant, reducing the sense of belonging and connection between employees and the organization (Quinlan et al., 2010).

Finally, organizational leaders play a crucial role in defining the impact of digital auditing on the company's culture. The way they support and promote the responsible use of technologies can significantly influence how employees perceive these changes. For example, a leader who emphasizes the benefits of technology, but also its limitations, will inspire more trust than one who insists exclusively on the efficiency of digital systems (Chui et al., 2014).

Thus, digital auditing can become either a catalyst for an organizational culture based on trust and innovation or a factor that undermines this culture, depending on how it is implemented and communicated. The key to success lies in balancing the use of technology with the human factor, respecting the organization's core values and ensuring an environment where employees feel valued and respected.

3. DATA PRIVACY: BALANCING INFORMATION COLLECTION AND EMPLOYEE CONSENT

Data privacy is one of the biggest challenges in using digital technologies in HR auditing. The digitalization of HR auditing involves processing a massive amount of personal employee data, including information on performance, attendance, behavior, and even health. This information is essential to assess the compliance and efficiency of HR processes, but its improper use can lead to serious violations of employee rights.

Privacy issues are a central aspect of the use of digital technologies in HR auditing. A major challenge is excessive data collection. Some organizations tend to accumulate more information than necessary, claiming that this is justified by the desire to improve internal processes. However, this practice can violate employee consent, raising questions about the real purposes of using this data. In addition to excessive collection, the risk of unauthorized access to information is becoming increasingly significant as the volumes of data stored digitally grow. Whether it is external cyberattacks or internal errors, protecting against these incidents is crucial (Solove, 2021). Another issue is the secondary use of data. In some cases, information collected for a legitimate purpose is subsequently used in ways that contradict the initial consent of employees, which can generate distrust and conflict.

To address these challenges, the GDPR provides a clear legal framework in the European Union. The regulation requires organizations to obtain the explicit consent of employees before processing their data,

limiting the collection of information to that which is strictly necessary. The GDPR also requires the implementation of technical and organizational measures to protect data against loss or unauthorized access.

There are a number of practical solutions that organizations can implement to protect data confidentiality in the context of digital auditing (Saura et al., 2022). One effective method is the use of advanced encryption, which ensures the security of information both during storage and transmission. Creating clear data access policies is also essential, so that only authorized individuals can view sensitive information. Another important branch is represented by the application of the principle of “data minimization,” which involves collecting and processing only the information strictly necessary for a specific purpose. Also, regularly informing employees about how their data is used and about the measures taken to protect it helps to create a climate of trust and transparency.

Data confidentiality is more than a legal requirement - it is a moral responsibility that reflects the organization’s respect for employees. Ensuring an environment in which personal data is handled responsibly not only prevents legal risks, but also contributes to strengthening a work environment based on trust. Ultimately, this approach becomes a central pillar of long-term organizational success, setting high standards of ethics and transparency.

4. ALGORITHMIC BIAS: RISKS AND REMEDIES FOR FAIR DECISION-MAKING

Artificial intelligence and machine learning algorithms are essential in human resources auditing, but they can amplify existing biases, affecting the fairness of decisions.

Algorithmic bias can be attributed to several factors, including:

1. Subjective historical data - If the data used to train algorithms reflects past discriminatory practices, the results generated will perpetuate these inequities. For example, in the recruitment process, an algorithm based on data that favors candidates of a certain gender or race will continue to make biased selections (Barocas & Selbst, 2016).
2. Lack of diversity in development teams - Algorithm developers can unintentionally introduce their own biases, which limits the ability of the systems to make fair decisions (Mask & Pearl, 2024).
3. Algorithm structure - Some mathematical models are more prone to bias due to their design or the way they prioritize certain types of information.

The consequences of algorithmic bias in HR audits can be serious. For example, it can lead to discrimination in the recruitment process, where flawed algorithms can automatically reject candidates from certain demographic groups without properly assessing their qualifications. It can also lead to unfair

promotions, as automated performance reviews based on incomplete or biased data can favor some employees over others. Furthermore, if employees perceive algorithms as unfair or lacking transparency, trust in organizational processes decreases. For example, when Amazon used an AI-based recruitment system in 2018, it favored male candidates because historical data reflected male dominance in previous positions (Dastin, 2018). This example highlights the importance of verifying the data used to train algorithms.

Solutions to reduce bias include:

- Periodic algorithm audits: Regularly assess AI systems to identify bias and adjust for it.
- Data diversification: Train algorithms on diverse data sets that reflect the cultural and demographic diversity of the organization.
- Algorithmic transparency: Develop models that allow users to understand how decisions are made (Brynjolfsson & McAfee, 2017). Explainable algorithms (XAI) are an example of progress in this direction.
- Diversity in development teams: Involving specialists from different cultural and professional backgrounds can reduce the risk of bias.
- In addition, international standardization initiatives, such as ISO 30414, can provide an additional framework for the ethical use of algorithms in the human resources department.

By proactively addressing algorithmic bias, organizations not only protect their employees, but also improve their reputation by demonstrating a strong commitment to equity and diversity.

5. LEGISLATIVE FRAMEWORK: GDPR AND OTHER RELEVANT REGULATIONS

International regulations provide the foundation for defining ethical practices in digital HR auditing. Among them, the GDPR (General Data Protection Regulation) stands out as one of the strictest and most comprehensive data protection legislations globally. Adopted by the European Union, it establishes clear and rigorous rules for the processing of personal data, including sensitive employee information. The GDPR provides a solid framework for organizations, not only in terms of legal compliance, but also for promoting an organizational culture based on transparency and accountability (Calopereanu, 2019).

The fundamental principles of the GDPR emphasize the importance of protecting individual rights. One of these principles is transparency, which requires organizations to inform employees in a clear and detailed manner about the purposes of data collection and the methods used in processing it. It is essential that employees understand why certain information is collected and how it will be used within organizational processes. Another principle is purpose limitation, which states that personal data can only be used for the purposes specified at the time of collection. This ensures that the information is not used in ways that are

contrary to the employees' initial consent. Another aspect of the GDPR is the principle of data minimization, according to which organizations can collect only that information that is strictly necessary to fulfill the intended purposes. This requirement reduces the risk of data misuse and encourages a more responsible approach to collection processes. In addition, the GDPR guarantees the right of employees to access and correct information concerning them, thus strengthening their control over their own data. Under certain conditions, employees can also request the portability of their data, which involves the transfer of information to another organization or entity, thus giving them greater freedom and flexibility.

In addition to the GDPR, other international legislation and standards contribute to creating an ethical framework for data management in human resources auditing. In the United States, the California Consumer Privacy Act (CCPA) protects employee data and provides similar rights to those provided by the GDPR, such as access to information, correction of information, and restriction of use. However, the CCPA has some differences, especially in terms of enforcement and requirements for companies (Klinton & Shad, 2024).

The complicated side of implementing the legislation is the lack of uniformity between different regions of the world. Global organizations must comply with multiple legislative frameworks simultaneously, which requires significant resources and legal expertise. In addition, emerging technologies, such as blockchain and artificial intelligence, raise questions for which existing regulations do not yet provide clear solutions.

An example of good practice is the appointment of a data protection officer (DPO) to monitor compliance with applicable laws, the creation of a response plan in the event of a security breach that minimizes the impact on employees and the organization, and collaboration with legal experts to assess the compatibility of the technologies used with current regulations (Tikkinen-Piri, et al., 2018).

The legislative framework not only protects the rights of employees, but also provides organizations with a solid foundation for building transparent and accountable processes.

5.1. Standardizing digital audit processes globally

The digital transformation of human resource audit processes has heightened the need for international standardization, especially as organizations expand their operations across national borders. In a complex global landscape where cultural, legislative, and economic differences are significant, process standardization is essential to ensure consistency and ethical accountability in human resource management.

As digital technologies, such as artificial intelligence and blockchain, become increasingly integrated into human resource auditing, international organizations and bodies are collaborating to create a common framework to guide the implementation of these technologies. The primary goal of these efforts is to

provide companies with a set of clear principles and practices that are adaptable to various industries and geographies.

A notable example of a standardization initiative is the ISO 30414, a set of international standards that promote transparency and fairness in human capital management standard, and which provides a global framework for human capital reporting (ISO, 2018). ISO 30414 goes beyond compliance, but also emphasizes social responsibility, providing guidance for companies to adopt ethical and sustainable practices. This standard provides organizations with a clear framework for reporting human resources information, encouraging a uniform and comparable approach globally. By adopting ISO 30414, companies can demonstrate an increased commitment to social responsibility and ethical values in the management of employee data.

In addition to ISO, the International Labour Organization (ILO) plays a key role in promoting global labour standards. The ILO places a strong emphasis on protecting employee rights, and its fundamental principles are increasingly integrated into digital human resource auditing processes (Brewster et al., 2016). For example, respecting the principles of equality and non-discrimination is a central requirement in any assessment process, including technology-based ones.

A major obstacle to adopting global standards is the diversity of local regulations. For example, the GDPR provides a clear framework for data protection in the European Union, but does not directly apply in other regions, where laws such as the CCPA (California Consumer Privacy Act) or the LGPD (Brazilian Lei Geral de Proteção de Dados) may impose different requirements (Klinton & Shad, 2024). In this context, multinational organizations must comply with multiple regulations simultaneously, which creates significant complexity. Different organizational cultures pose another challenge. While some regions value full transparency in HR management, others may have reservations about the extensive collection and use of personal data. This cultural diversity requires adapting global standards to make them relevant and acceptable in local contexts.

International standardization has immense potential to create a common framework for digital HR auditing that is accepted and applicable across industries. In the long term, these standards could:

- Reduce compliance complexity by harmonizing legal requirements across regions.
- Promote ethical and sustainable HR practices.
- Increase employee trust in organizational processes by ensuring transparency and fairness.

6. RECOMMENDATIONS AND STRATEGIES FOR ETHICAL HR AUDITS

To ensure that HR audits remain both effective and ethical, organizations need to adopt a series of strategies based on transparency, accountability, and innovation. These recommendations are based on fundamental principles that protect both employees and organizational interests.

1. Create a clear ethical framework for HR audits - A critical first step is to define a set of ethical principles to guide digital HR audit processes. This framework should include:

- Limiting data collection to well-defined purposes.
- Promoting fairness at all stages of the audit, from recruitment to performance evaluation.
- Respecting employees' rights to access and correct their data.

2. Implementing transparency mechanisms - Employees must be clearly informed about how their data is used. This includes:

- Publishing an accessible and easy-to-understand privacy policy.
- Organizing information sessions to explain the audit process and its benefits.
- Ensuring that the algorithms used are explainable and verifiable.

3. Investing in data security - The security of personal data is an essential component of an ethical HR audit. Specific measures include:

- Using end-to-end encryption to protect data from unauthorized access.
- Implementing strict access policies so that only authorized personnel can see sensitive data.
- Continuously monitoring systems to detect and prevent security breaches.

4. Diversifying audit and development teams - A diverse team provides varied perspectives, which helps reduce the risk of bias in audit processes(Långstedt & Arrowsmith, 2023). This should include:

- Specialists from diverse cultural, social and professional backgrounds.
- Employee representatives to ensure that their perspective is included in the audit process.

5. Continuous staff education - Continuous training of HR and IT teams is crucial to stay up to date with technological developments and regulations in the field. Examples include:

- Organizing workshops on the ethical use of AI and data analysis.
- Collaborating with external experts to identify and remediate potential ethical risks.

6. Conducting independent audits - Periodic third-party audits of HR algorithms and processes can provide an objective perspective on compliance and fairness.

7.-Adapting technologies to industry specifics - Each sector has its own particularities, and technology solutions must be customized to meet these requirements.

7. CONCLUSIONS

HR auditing based on digital technologies offers tremendous opportunities for efficiency and innovation. However, the integration of these technologies must be done carefully to respect organizational values and employee rights. By adopting ethical strategies, organizations can transform HR auditing into a tool that is not only efficient but also fair. The collective responsibility of companies, developers, and regulators is essential to shape the future of HR auditing in an ethical and sustainable way.

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