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# THE EFFECTS OF ETHICAL CULTURE AND LEADERSHIP STYLE ON FRAUD PREVENTION WITH ORGANIZATIONAL COMMITMENT AS A MEDIATION VARIABLE IN THE RECTOR'S BUREAU OF UNIVERSITAS SUMATERA UTARA

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**Abstract**

This study examines the influence of ethical culture and leadership style on fraud prevention, and investigates the mediating role of organizational commitment in those relationships at the Rector's Office of Universitas Sumatera Utara (USU). Employing a causal-associative quantitative design, data were collected from 106 employees through purposive sampling via structured questionnaires. Data analysis utilized covariance-based Structural Equation Modeling (SEM) using IBM AMOS software. Results indicate that ethical culture has a significant positive direct effect on fraud prevention (CR = 2.589; p = 0.010), while leadership style exerts no significant direct effect (CR = 1.901; p = 0.057). Both ethical culture (CR = 2.426; p = 0.015) and leadership style (CR = 2.743; p = 0.006) significantly and positively influence organizational commitment. Organizational commitment, in turn, significantly promotes fraud prevention (CR = 3.579; p < 0.001). Sobel test results confirm that organizational commitment significantly mediates the effect of ethical culture (t = 2.008; p = 0.045) and fully mediates the effect of leadership style (t = 2.177; p = 0.029) on fraud prevention. These findings underscore the critical importance of cultivating ethical climate and building employee commitment as complementary mechanisms in institutional fraud prevention strategies.

**Keywords:** Ethical Culture, Fraud Prevention, Leadership Style, Organizational Commitment, Structural Equation Modeling

## INTRODUCTION

Fraud in financial management and administrative reporting represents a serious institutional threat, undermining organizational credibility and eroding stakeholder trust (Adejumo & Ogburie, 2025). Fraud is typically committed intentionally through falsification, omission of material information, or misrepresentation, with the aim of obtaining personal advantage. The motivating factors — pressure, opportunity, and rationalization are largely hidden within the perpetrator's internal reasoning and are therefore difficult to observe directly (Lan & Rao, 2025). Beyond financial losses, fraud inflicts reputational damage, degrades employee morale, and disrupts organizational service delivery (Naz & Khan, 2025).

In the education sector, and particularly in public universities, the consequences of fraud are especially far-reaching. Higher education institutions simultaneously perform academic and public functions, and the quality of their financial and administrative governance reflects their levels of transparency and accountability to society (Bakulina, 2025). Indonesia Corruption Watch (ICW) reported that, in 2024 alone, 364 corruption cases were recorded involving 888 suspects, with estimated state losses approaching IDR 279.9 trillion (ICW, 2024). The education sector consistently ranks among the top five most corrupt sectors in Indonesia; in 2024, it recorded 25 cases involving 64 suspects and an estimated state loss of IDR 105.58 billion, with corruption modes including bribery, illegal levies, and money laundering (ICW, 2025). Universitas Sumatera Utara (USU), one of Indonesia's largest public universities, operates under intense public scrutiny regarding the professionalism of its institutional governance. The Rector's Office (Biro Rektor) plays a strategic role in planning, administration, coordination, and institutional services. As such, its integrity directly affects administrative effectiveness, institutional reputation, academic community trust, and public legitimacy. USU has implemented a Whistleblowing System (WBS) as part of its Integrity Zone (Zona Integritas Wilayah Bebas Korupsi / ZI-WBK) program. However, digital reporting systems cannot function optimally without the moral awareness and willingness of employees to report suspected wrongdoing (Paramita & Prabawati, 2025). This highlights that the effectiveness of fraud prevention depends not merely on technological systems, but critically on ethical culture and the leadership style that cultivates employees' internal commitment. Prior empirical literature has produced inconsistent findings regarding the direct effects of ethical culture and leadership style on fraud prevention (see Table 1). Some studies found significant effects (Herawaty et al., 2025; Lusianti et al., 2025; Tümmler & Quick, 2025; Suryani & Gaol, 2025), while others did not (Melisa & Bela, 2025; Wardani & Yiping, 2025; Purwati & Rahmatika, 2025; Wardah et al., 2022). This inconsistency suggests that contextual organizational mechanisms may mediate these relationships. Organizational commitment has been proposed as a psychological bridge that translates ethical values and leadership influence into concrete preventive behavior (Pertiwi, 2025; Haryadi et al., 2026).

Theoretically, the Organizational Behavior Theory (Presthus, 1958) posits that individual behavior results from the internalization of organizational values, norms, and leadership influences. Meanwhile, the Fraud Pentagon Theory (Crowe Horwath, 2011; Castek & Aji, 2026) identifies five drivers of fraud: pressure, opportunity, rationalization, competence, and arrogance. Organizational commitment is particularly relevant in suppressing the rationalization component, as highly committed employees are less likely to justify deviant behavior and more likely to protect organizational interests. Despite the theoretical relevance of this mediation model, empirical research at public university administrative units remains scarce. This study therefore aims to (1) test the direct effects of ethical culture and leadership style on fraud prevention and organizational commitment; (2) examine the direct effect of organizational commitment on fraud prevention; and (3) determine whether organizational commitment mediates the effects of ethical culture and leadership style on fraud prevention at the Rector's Office of USU.

## LITERATURE REVIEW

### A. Organizational Behavior Theory

Organizational Behavior Theory (Presthus, 1958) explains that individual behavior is shaped by personal characteristics, organizational values, and prevailing systems and structures within the workplace environment. Employees do not act spontaneously; rather, behavior emerges through social learning, adjustment, and the internalization of workplace norms (Mukherjee, 2024). This theory is directly applicable to the current study, as it provides a framework for understanding how ethical culture and leadership style shape the psychological disposition of employees namely, organizational commitment which in turn governs fraud-preventive behavior. Within this framework, ethical culture serves as the normative compass of an organization: it guides what behavior is acceptable, and this normativity is maintained through consistent enforcement (Al Zeer & Salahat, 2024). Leadership functions as the environmental stimulus that shapes employee perception and attitudes, while organizational commitment represents the attitudinal internalization of those influences (Çora et al., 2025). Fraud prevention, accordingly, is the behavioral manifestation of those internalized values.

### B. Fraud Pentagon Theory

The Fraud Pentagon Theory, developed by Crowe Horwath (2011) as an extension of Cressey's (1953) Fraud Triangle, identifies five elements that precipitate fraudulent action: (1) Pressure economic or lifestyle demands that motivate individuals to commit fraud; (2) Opportunity weaknesses in internal control systems that create space for undetected fraud; (3) Rationalization the psychological justification that individuals employ to legitimize fraudulent actions; (4) Competence / Capability the individual's ability to exploit system weaknesses to execute fraud without detection; and (5) Arrogance a sense of superiority or belief that the rules do not apply to oneself (Kon et al., 2024). This study particularly draws on the rationalization and opportunity dimensions. Ethical culture is posited to suppress rationalization by establishing clear moral boundaries, whereas organizational commitment further eliminates the cognitive space for self-justification. Leadership style primarily operates through the opportunity dimension, as effective leaders close systemic control gaps that would otherwise enable fraudulent behavior.

### C. Fraud Prevention

Fraud is defined as an intentional act of deception involving misrepresentation, concealment of material facts, or deliberate falsification, designed to benefit the perpetrator at the expense of others (Torunoglu, 2023). Fraud prevention refers to proactive organizational strategies that reduce the opportunity, pressure, and rationalization that drive fraud (Lee et al., 2025). These strategies include implementing clear policies and procedures, enforcing segregation of duties, maintaining continuous oversight mechanisms, and critically fostering behavioral norms that align individual conduct with organizational integrity standards (Gotelaere & Paoli, 2025). Fraud prevention is thus a continuous process requiring institutional commitment to integrity, accountability, and compliance (Hewawasam, 2025).

### D. Ethical Culture

Ethical culture refers to the set of values, norms, and behavioral standards that guide organizational members in executing their duties and responsibilities (Cabana & Kaptein, 2025). It encompasses both formal policies such as codes of conduct and informal daily practices the ways in which employees interact, make decisions, and respond to ethically ambiguous situations (Musah et al., 2025). Ethical culture is shaped through organizational policies, repetitive work practices, and reward-and-sanction systems. When ethical values are communicated and consistently enforced, they generate a collective behavioral pattern that becomes the organizational norm (Ruiz-Palomino et al., 2025). In public sector organizations, a strong ethical culture is especially significant because these organizations manage public resources and are accountable to society at large (Kahono et al., 2026).

### E. Leadership Style

Leadership style is defined as the pattern of behavior and strategies used by a leader to influence, guide, and control subordinates in pursuit of organizational goals (Dawood, 2025). Leadership style manifests in decision-making approaches, communication patterns, rule enforcement, and the moral example set by leaders in daily operations (Aniebonam et al., 2025). Three broad leadership styles are commonly identified in the literature: authoritarian leadership, where authority is centralized and subordinates have limited input; participative leadership, which fosters collaboration, loyalty, and shared decision-making; and delegative leadership, where authority is fully transferred to subordinates, who exercise considerable autonomy in task execution (Dawood, 2025). Each style carries different implications for the organizational climate and, consequently, for employees' ethical orientation and commitment.

### F. Organizational Commitment

Organizational commitment is an attitudinal state that reflects the degree to which an individual identifies with, and is bound to, their organization (Zabyelina & Pozsgai-Alvarez, 2025). It encompasses three dimensions: affective commitment (emotional attachment and belonging), continuance commitment (cost-benefit assessment of leaving), and normative commitment (a felt moral obligation to remain and contribute) (Malelak & Pellokila, 2022). Employees with high organizational commitment tend to align personal goals with organizational objectives, demonstrate loyalty, comply with policies, and actively protect organizational interests (Bhuiyan et al., 2025). In the context of public sector organizations, organizational commitment is strategically significant because it determines the consistency with which employees uphold their duties and refrain from behaviors that could harm the institution (Moreno-Menéndez et al., 2025).

### G. Hypotheses Development

Based on Organizational Behavior Theory and Fraud Pentagon Theory, the following hypotheses are advanced: H1: Ethical culture has a significant positive effect on fraud prevention. H2: Leadership style has a significant positive effect on fraud prevention. H3: Ethical culture has a significant positive effect on organizational commitment. H4: Leadership style has a significant positive effect on organizational commitment. H5: Organizational commitment has a significant positive effect on fraud prevention. H6: Organizational commitment mediates the effect of ethical culture on fraud prevention. H7: Organizational commitment mediates the effect of leadership style on fraud prevention.

## METHOD

### A. Research Design

This study employs a causal-associative quantitative design, which is appropriate for examining directional relationships between variables and testing theoretically derived hypotheses (Ghozali, 2021). The causal-associative approach allows the researcher to determine whether changes in one variable are systematically associated with changes in another, establishing an empirical basis for the proposed mediation model.

### B. Research Site and Sample

The study was conducted at the Rector's Office (Biro Rektor) of Universitas Sumatera Utara (USU), Medan, Indonesia, specifically within the Finance Office (Biro Keuangan) and the Asset and Business Management Office (Biro Pengelolaan Aset dan Usaha). Data were collected between January and April 2026. The population comprised all employees in these units. Purposive sampling was applied, with inclusion criteria requiring respondents to be permanent civil servants with a minimum of one year of service experience, yielding a final sample of 106 respondents. Respondent characteristics are presented in Table 1. The majority were male (66.98%), and most fell within the 36–45 age bracket (39.62%), indicating a mature and experienced workforce. More than half held a bachelor's degree (57.55%), and 52.83% had served for 5–10 years, suggesting substantial institutional familiarity.

**Table 1. Respondent Characteristics**

| Characteristic | Category | n | % |
|---|---|---|---|
| **Gender** | Male | 71 | 66.98 |
| | Female | 35 | 33.02 |
| **Age (years)** | < 25 | 5 | 4.72 |
| | 25–35 | 28 | 26.42 |
| | 36–45 | 42 | 39.62 |
| | > 46 | 31 | 29.25 |
| **Education** | Below Bachelor's | 21 | 19.81 |
| | Bachelor's (S1) | 61 | 57.55 |
| | Master's or Above | 24 | 22.64 |
| **Tenure (years)** | < 5 | 12 | 11.32 |
| | 5–10 | 56 | 52.83 |
| | > 10 | 38 | 35.85 |
| **Total** | | **106** | **100.00** |

### C. Instrumentation

All variables were measured using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Ethical culture (7 items; adapted from Cabana & Kaptein, 2025; Musah et al., 2025), leadership style (8 items; adapted from Dawood, 2025; Sakti et al., 2022), fraud prevention (12 items; adapted from Larasati, 2019; Awatif & Tyas, 2022), and organizational commitment (6 items; adapted from Malelak & Pellokila, 2022) were operationalized through established indicators from prior literature. A pilot test was conducted on 40 employees at the Academic Office and Student Affairs Office of USU prior to full-scale data collection.

### D. Pilot Test Results

Pilot test validity was assessed through Confirmatory Factor Analysis (CFA) using IBM AMOS. All 33 indicators yielded Standardized Loading Factor (SLF) values between 0.531 and 0.835, exceeding the 0.50 threshold. Critical Ratio (C.R.) values were all above 1.96 at $p < 0.05$. Construct Reliability (CR) values ranged from 0.916 to 0.964, and Average Variance Extracted (AVE) values ranged from 0.649 to 0.736, all meeting the required thresholds (CR ≥ 0.70; AVE ≥ 0.50), confirming adequate construct validity and reliability.

### E. Data Analysis

Data were analyzed using covariance-based SEM (CB-SEM) with IBM AMOS, following the two-stage analytical procedure: (1) a measurement model (CFA) to assess construct validity and reliability, and (2) a structural model to test hypothesized causal relationships. Model fit was evaluated using the following indices: p-value (≥ 0.05), CMIN/DF (≤ 3.00), CFI (≥ 0.90), TLI (≥ 0.90), IFI (≥ 0.90), and RMSEA (≤ 0.08). Mediation effects were tested using the Sobel test, with significance criteria of t-statistic ≥ 1.96 and $p < 0.05$.

## RESULTS AND DISCUSSION

### A. Descriptive Statistics

Descriptive statistics of the research variables are presented in

**Table 2. Table 2. Descriptive Statistics**

| Variable | N | Min | Max | Mean | Std. Dev. |
|---|---|---|---|---|---|
| Ethical Culture | 106 | 18.00 | 35.00 | 28.97 | 3.848 |
| Leadership Style | 106 | 19.00 | 39.00 | 33.11 | 4.597 |
| Fraud Prevention | 106 | 30.00 | 58.00 | 50.25 | 5.891 |
| Organizational Commitment | 106 | 12.00 | 30.00 | 24.87 | 3.524 |

All variables demonstrated standard deviation values smaller than their respective means, indicating low data dispersion and homogeneous respondent perceptions across all constructs.

### B. Measurement Model: Validity and Reliability

The full-sample CFA results (Table 3) confirmed that all 33 indicators exhibited SLF values between 0.626 and 0.812, with C.R. values between 6.101 and 7.952, all significant at $p < 0.001$. Reference indicators (BE1, GK1, PF1, KO1) were fixed per AMOS identification requirements.

**Table 3. Validity Test Results**

| Variable | Indicator | SLF | C.R. | p-value | Status |
|---|---|---|---|---|---|
| **Ethical Culture** | BE1 | 0.722 | Fixed | - | Valid |
| | BE2 | 0.795 | 7.952 | < 0.001 | Valid |
| | BE3 | 0.628 | 6.197 | < 0.001 | Valid |
| | BE4 | 0.672 | 6.597 | < 0.001 | Valid |
| | BE5 | 0.753 | 7.437 | < 0.001 | Valid |
| | BE6 | 0.724 | 7.161 | < 0.001 | Valid |
| | BE7 | 0.771 | 7.532 | < 0.001 | Valid |
| **Leadership Style** | GK1 | 0.683 | Fixed | - | Valid |
| | GK2 | 0.676 | 6.450 | < 0.001 | Valid |
| | GK3 | 0.648 | 6.101 | < 0.001 | Valid |
| | GK4 | 0.812 | 7.547 | < 0.001 | Valid |
| | GK5 | 0.778 | 7.301 | < 0.001 | Valid |
| | GK6 | 0.741 | 6.870 | < 0.001 | Valid |
| | GK7 | 0.709 | 6.669 | < 0.001 | Valid |
| | GK8 | 0.691 | 6.499 | < 0.001 | Valid |
| **Fraud Prevention** | PF1 | 0.700 | Fixed | - | Valid |
| | PF2 | 0.692 | 6.844 | < 0.001 | Valid |
| | PF3 | 0.700 | 6.849 | < 0.001 | Valid |
| | PF4 | 0.664 | 6.556 | < 0.001 | Valid |
| | PF5 | 0.736 | 7.238 | < 0.001 | Valid |
| | PF6 | 0.626 | 6.169 | < 0.001 | Valid |
| | PF7 | 0.720 | 7.058 | < 0.001 | Valid |
| | PF8 | 0.694 | 6.771 | < 0.001 | Valid |
| | PF9 | 0.656 | 6.442 | < 0.001 | Valid |
| | PF10 | 0.714 | 6.969 | < 0.001 | Valid |
| | PF11 | 0.779 | 7.564 | < 0.001 | Valid |
| | PF12 | 0.762 | 7.424 | < 0.001 | Valid |
| **Organizational Commitment** | KO1 | 0.725 | Fixed | - | Valid |
| | KO2 | 0.687 | 6.773 | < 0.001 | Valid |
| | KO3 | 0.727 | 7.170 | < 0.001 | Valid |

| | | | | |
|---|---|---|---|---|
| KO4 | 0.744 | 7.373 | < 0.001 | Valid |
| KO5 | 0.787 | 7.720 | < 0.001 | Valid |
| KO6 | 0.776 | 7.746 | < 0.001 | Valid |

**Table 4. Reliability Test Results**

| Variable | ΣSLF | ΣSLF² | ΣError | AVE | CR | Status |
|---|---|---|---|---|---|---|
| Ethical Culture | 5.065 | 3.685 | 1.667 | 0.689 | 0.939 | Reliable |
| Leadership Style | 5.738 | 4.137 | 2.134 | 0.660 | 0.939 | Reliable |
| Fraud Prevention | 8.443 | 5.961 | 2.674 | 0.690 | 0.964 | Reliable |
| Organizational Commitment | 4.446 | 3.301 | 1.476 | 0.691 | 0.931 | Reliable |

Composite Reliability (CR) ≥ 0.70 and Average Variance Extracted (AVE) ≥ 0.50 indicate satisfactory reliability and convergent validity.

All CR values (0.931–0.964) and AVE values (0.660–0.691) exceeded the required thresholds, confirming strong construct reliability and convergent validity across all four research variables.

### C. Normality and Outlier Tests

Multivariate normality was confirmed by a kurtosis C.R. of 2.389, which falls below the 2.58 threshold (Table 5). No outliers were detected; all Mahalanobis distance values yielded p1 and p2 scores above 0.05 for the sample observations, satisfying the multivariate normality assumption required for AMOS estimation.

**Table 5. Normality Test**

| Test | Kurtosis | C.R. | Criterion | Result |
|---|---|---|---|---|
| Multivariate | 22.309 | 2.389 | < 2.58 | Normal |

### D. Model Fit Assessment

Table 6 presents the Goodness of Fit results for the full structural model.

**Table 6. Goodness of Fit Results**

| Fit Index | Value | Cut-off Value | Result |
|---|---|---|---|
| p-value | 0.965 | ≥ 0.05 | Fit |
| CMIN/DF | 0.887 | ≤ 2.00 or 3.00 | Fit |
| CFI | 1.000 | ≥ 0.90 | Fit |
| TLI | 1.033 | ≥ 0.90 | Fit |
| IFI | 1.030 | ≥ 0.90 | Fit |
| RMSEA | 0.000 | ≤ 0.08 | Fit |

All six model fit indices satisfied their respective criteria, confirming that the structural model achieved an excellent fit with the empirical data. A p-value of 0.965 indicates no significant discrepancy between the theoretical model and observed data. An RMSEA of 0.000 signals minimal approximation error, while incremental fit indices (CFI = 1.000; TLI = 1.033; IFI = 1.030) all exceeded the required threshold of 0.90. The model is therefore deemed highly appropriate for hypothesis testing.

### E. Coefficient of Determination ($R^2$)

**Table 7. Squared Multiple Correlations**

| Endogenous Variable | $R^2$ | Adjusted $R^2$ |
|---|---|---|
| Organizational Commitment | 0.652 | 0.645 |
| Fraud Prevention | 0.860 | 0.856 |

Ethical culture and leadership style together explain 64.5% of the variance in organizational commitment. When organizational commitment is added as a mediator, the model explains 85.6% of the variance in fraud prevention, with only 14.4% attributable to factors outside the model. This high explanatory power indicates a robust structural model.

### F. Hypothesis Testing: Direct Effects

**Table 8. Direct Effect Hypothesis Results**

| Path | Estimate | S.E. | C.R. | p-value | Result |
|---|---|---|---|---|---|
| Ethical Culture → Organizational Commitment | 0.428 | 0.176 | 2.426 | 0.015 | Significant (H3 Supported) |
| Leadership Style → Organizational Commitment | 0.457 | 0.167 | 2.743 | 0.006 | Significant (H4 Supported) |
| Ethical Culture → Fraud Prevention | 0.335 | 0.129 | 2.589 | 0.010 | Significant (H1 Supported) |
| Leadership Style → Fraud Prevention | 0.233 | 0.123 | 1.901 | 0.057 | Not Significant (H2 Not Supported) |
| Organizational Commitment → Fraud Prevention | 0.419 | 0.117 | 3.579 | *** | Significant (H5 Supported) |

p < 0.001. A relationship is considered significant when p < 0.05. S.E. = Standard Error; C.R. = Critical Ratio.

Four of the five hypothesized direct paths were supported. Only the direct path from leadership style to fraud prevention was not statistically significant.

### G. Mediation Hypothesis Testing: Sobel Test

**Table 9. Mediation Test Results (Sobel Test)**

| Mediation Path | Indirect Effect | t-Sobel | p-value | Result |
|---|---|---|---|---|
| Ethical Culture → Organizational Commitment → Fraud Prevention (H6) | 0.179 | 2.008 | 0.045 | Significant (H6 Supported) |
| Leadership Style → Organizational Commitment → Fraud Prevention (H7) | 0.191 | 2.177 | 0.029 | Significant (H7 Supported) |

EC = Ethical Culture; OC = Organizational Commitment; FP = Fraud Prevention; LS = Leadership Style. The mediation effect is considered significant when p < 0.05 or t-Sobel > 1.96.

Both mediation hypotheses were supported. Organizational commitment significantly mediates the effect of ethical culture on fraud prevention (indirect effect = 0.179; t = 2.008; p = 0.045), as well as the effect of leadership style on fraud prevention (indirect effect = 0.191; t = 2.177; p = 0.029). The latter represents full mediation, given that the direct effect of leadership style on fraud prevention was non-significant.

**Table 10. Summary of Direct, Indirect, and Total Effects**

| Path | Direct Effect | Indirect Effect | Total Effect |
|---|---|---|---|
| Ethical Culture → Organizational Commitment | 0.428 | | 0.428 |
| Leadership Style → Organizational Commitment | 0.457 | | 0.457 |
| Ethical Culture → Fraud Prevention | 0.335 | | 0.335 |
| Leadership Style → Fraud Prevention | 0.233 | | 0.233 |
| Organizational Commitment → Fraud Prevention | 0.419 | | 0.419 |
| Ethical Culture → Organizational Commitment → Fraud Prevention | | 0.179 | 0.514 |
| Leadership Style → Organizational Commitment → Fraud Prevention | | 0.191 | 0.424 |

The total effect of ethical culture on fraud prevention increases from a direct effect of 0.335 to a total effect of 0.514 when channeled through organizational commitment a 53% amplification. This confirms that the integration of ethical culture and organizational commitment produces substantially stronger fraud prevention outcomes than either mechanism in isolation.

H1: Ethical Culture Has a Significant Positive Effect on Fraud Prevention The hypothesis that ethical culture directly and significantly promotes fraud prevention was confirmed (CR = 2.589; p = 0.010). This finding aligns with the Organizational Behavior Theory proposition that employee behavior reflects the internalization of the values and norms prevailing in the workplace environment. At the Rector's Office of USU, ethical culture operates not merely as a formal set of rules, but as an ethical climate a normative compass that actively guides, constrains, and shapes employee preferences when confronted with situations prone to fraudulent temptation (Racelis, 2025). This result is further supported by the Fraud Pentagon Theory: a strong ethical culture suppresses the rationalization dimension by eliminating moral justification for deviant behavior. When ethical principles are consistently practiced and enforced, employees encounter social pressure and cognitive dissonance that make it psychologically difficult to rationalize fraudulent actions (Munn et al., 2025; Talla et al., 2025). The significant positive coefficient (0.335) confirms that the stronger the ethical culture institutionalized within an organization, the more effectively fraud is prevented. These results are consistent with prior research by Herawaty et al. (2025), Lusianti et al. (2025), Musah et al. (2025), and Afnisah et al. (2025).

H2: Leadership Style Does Not Significantly Affect Fraud Prevention Directly Contrary to the hypothesis, leadership style did not exert a significant direct effect on fraud prevention (CR = 1.901; p = 0.057). This finding suggests that the presence of a particular leadership style does not, by itself, translate into tangible fraud prevention outcomes in the institutional context studied. Organizational Behavior Theory explains that although leadership constitutes an important factor in shaping workplace norms and behavioral expectations, external stimuli from leaders do not automatically generate preventive action against fraud among employees. Leadership influence tends to be perceived as formal compliance rather than as an internalized moral commitment (Syahlan et al., 2022). From the Fraud Pentagon perspective, the opportunity dimension which describes gaps created by weak control systems cannot be closed by leadership style alone. Without integration with robust internal control systems and positive governance values, leadership characteristics remain insufficient to directly and independently eliminate fraud opportunities (Tümmler & Quick, 2025; Aniebonam et al., 2025; Ling & The, 2025). These results are consistent with Purwati & Rahmatika (2025), Wardah et al. (2022), Rosifa & Supriatna (2022), and Syahlan et al. (2022), all of whom found no significant direct relationship between leadership style and fraud prevention.

H3: Ethical Culture Has a Significant Positive Effect on Organizational Commitment Ethical culture was confirmed to significantly and positively influence organizational commitment (CR = 2.426; p = 0.015). This result is theoretically grounded in Organizational Behavior Theory: values and norms that develop healthily within an organization play a pivotal role in constructing employees' emotional attachment and work loyalty (Rahmawati et al., 2026). When ethical culture at the Rector's Office of USU consistently upholds honesty, justice, and transparency, mutual trust develops among employees, transforming ethical culture into a source of spiritual and professional meaning in work (Shahzad et al., 2025). Employees who perceive their institution as operating on high-integrity principles tend to develop affective attachment to their organization (Mujtaba et al., 2025), thereby deepening their commitment beyond formal contractual obligations. These findings are consistent with Teymoori et al. (2022), Rahmawati et al. (2026), Anderson et al. (2021), and Ndou & Agbenyegah (2022).

H4: Leadership Style Has a Significant Positive Effect on Organizational Commitment Leadership style was confirmed to significantly and positively influence organizational commitment (CR = 2.743; p = 0.006). Organizational Behavior Theory describes leaders as role models and the primary source of moral exemplification that shapes how employees understand the meaning and responsibilities of their professional roles (Suryani & Gaol, 2025). Effective leadership that is fair, transparent, and responsive to employees' emotional and professional needs fosters deep trust and recognition, strengthening emotional attachment to the organization (Racelis, 2025). By constructing goal clarity, certainty of role, and psychological safety in the work environment, effective leadership causes employees at the Rector's Office of USU to feel valued and actively involved in achieving institutional objectives, thereby enhancing loyalty and sense of belonging (Pagang et al., 2025). These results are consistent with Ausat et al. (2022), Musa & Yuliza (2022), Putri & Kasmiruddin (2025), and Surur & Hadi (2025).

H5: Organizational Commitment Has a Significant Positive Effect on Fraud Prevention Organizational commitment was confirmed to significantly and positively influence fraud prevention (CR = 3.579; p < 0.001). Organizational Behavior Theory characterizes organizational commitment as a powerful internal determinant of behavioral consistency in the workplace (Zabyelina & Pozsgai-Alvarez, 2025). Employees who internalize high organizational commitment demonstrate consistent compliance with regulations, maintain professional integrity with dedication, and consciously distance themselves from negative activities that could harm the organization (Klein et al., 2025). The Fraud Pentagon Theory further supports this finding: organizational commitment mitigates the rationalization element, because a strongly committed employee encounters a profound internal moral barrier against justifying corrupt or fraudulent behavior (Cancera & Trisnawati, 2025), even in circumstances of significant opportunity or pressure. These results are consistent with Clyde et al. (2022), Hidayah & Bawono (2022), Damayanti & Agustia (2024), and Cancera & Trisnawati (2025).

H6: Organizational Commitment Mediates the Effect of Ethical Culture on Fraud Prevention The mediating role of organizational commitment in the ethical culture–fraud prevention relationship was confirmed (indirect effect = 0.179; t = 2.008; p = 0.045). Organizational Behavior Theory explains that the values and norms of an organization are internalized by individuals through accumulated work experience and daily social interaction (Deliema et al., 2025). Consistently enforced ethical culture stimulates trust and value alignment, which crystallizes into organizational commitment a deep psychological attachment that makes employees feel they belong, are loyal, and are fully responsible for the organization's future (Musah et al., 2025). The Fraud Pentagon Theory supports the conclusion that organizational commitment, once formed through ethical culture, becomes the institutional internal control mechanism that eliminates the cognitive space for rationalization (Haryadi et al., 2026; Anton et al., 2026), thereby optimizing fraud prevention outcomes. The total effect of ethical culture on fraud prevention increases from 0.335 (direct only) to 0.514 (through mediation), empirically confirming that ethical culture achieves far greater fraud prevention impact when mediated by organizational commitment.

H7: Organizational Commitment Fully Mediates the Effect of Leadership Style on Fraud Prevention The full mediating role of organizational commitment in the leadership style–fraud prevention relationship was confirmed (indirect effect = 0.191; t = 2.177; p = 0.029). Given that the direct effect of leadership style on fraud prevention was not significant, while the mediated effect is highly significant, this constitutes full mediation. This finding reveals that the impact of leadership on fraud prevention is entirely contingent on the organizational commitment it generates. Leadership instructions or role modeling for fraud prevention do not automatically alter employee behavior unless accompanied by a sense of ownership toward the institution. When leaders consistently demonstrate fair, transparent, and integrity-oriented behavior, this creates a healthy work climate that first cultivates trust and that trust then stimulates psychological attachment and emotional loyalty toward the institution (Dawood, 2025; Ghandehari et al., 2025). Only after this commitment is formed does leadership influence manifest as meaningful preventive action by employees against fraud (Racelis, 2025; Hossain, 2026). This finding is consistent with Organizational Behavior Theory's fundamental premise that behavioral change — such as actively closing fraud gaps cannot occur instantaneously through instructions or supervisory oversight alone; it requires the formation of deeply internalized values and attitudes.

## CONCLUSION

This study investigated the influence of ethical culture and leadership style on fraud prevention, with organizational commitment as a mediating variable, at the Rector's Office of Universitas Sumatera Utara. Using covariance-based SEM with IBM AMOS on a purposive sample of 106 employees, the following conclusions are drawn: Ethical culture has a significant positive direct effect on fraud prevention (H1 supported), confirming its role as a primary behavioral anchor that suppresses the rationalization of fraudulent conduct. Leadership style does not exert a significant direct effect on fraud prevention (H2 not supported), indicating that leadership influence on fraud prevention is entirely mediated by organizational commitment. Both ethical culture (H3) and leadership style (H4) significantly and positively influence organizational commitment, affirming that internal governance values and quality of leadership are key antecedents of employee engagement. Organizational commitment significantly promotes fraud prevention (H5), functioning as an internal psychological control mechanism that eliminates employees' cognitive space for rationalizing fraudulent actions.

Organizational commitment significantly mediates the effect of ethical culture (H6) on fraud prevention (partial mediation, total effect = 0.514), amplifying the preventive impact of ethical culture by approximately 53%. Organizational commitment fully mediates the effect of leadership style (H7) on fraud prevention (full mediation, total effect = 0.424), demonstrating that leadership generates fraud prevention outcomes exclusively through the organizational commitment it cultivates. These findings carry important practical implications. Institutions cannot rely solely on formal control systems or leadership directives to prevent fraud; they must invest in cultivating ethical climate and employee commitment as psychological foundations of a robust fraud prevention culture. For policymakers, the results suggest that leadership evaluation should incorporate the capacity of leaders to build commitment among their subordinates. Furthermore, ethics codes must be actively refreshed and socially enforced, not merely documented. Limitations and Future Research Directions This study is limited to one administrative unit of one institution, which restricts the generalizability of findings to other organizational contexts or higher education institutions with different structures and cultures. The use of self-administered questionnaires introduces potential social desirability bias, and the cross-sectional design precludes examination of how these relationships evolve over time. Future research should consider expanding the sample to multiple universities or faculties, adopting longitudinal designs, and incorporating additional variables such as internal control system reliability, whistleblowing system effectiveness, individual religiosity, or employee competence, to construct a more comprehensive fraud prevention model.

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