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**Spiritual Intelligence and Leadership in Fraud Prevention: The Mediating Role of Auditor Performance**

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**Abstract**

The purpose of this study is to analyze whether government internal auditors with spiritual intelligence and the support of spiritual leadership can play a role in preventing fraud in government. This study took government internal auditors assigned to the Financial and Development Supervisory Agency in province level as the subject with 201 respondents. The data analysis method used was the Structural Equation Model (SEM) processed by AMOS application. The results demonstrate that spiritual intelligence and spiritual leadership exert a positive and significant influence on auditor performance. In addition, spiritual intelligence, spiritual leadership, and auditor performance significantly contribute to fraud prevention. Auditor performance is also confirmed as a significant mediating variable in the relationship between spiritual intelligence, spiritual leadership, and fraud prevention.

**Keywords:** Spiritual Intelligence, Spiritual leadership, Auditor Performance, Government Internal Auditor, Fraud Prevention

**1. Introduction**

Fraud remains a critical global problem with substantial economic and social consequences. A survey conducted by the Association of Certified Fraud Examiners (ACFE) in 2024 reported 1,921 fraud cases across 138 countries, resulting in total losses of approximately US\$3.1 billion (ACFE, 2024). Within the Asia-Pacific region, Indonesia is among the countries with the highest

incidence of fraud, ranking third after China and Australia. Out of 183 cases reported across 19 countries, 25 cases occurred in Indonesia, indicating a persistent vulnerability to fraud. This condition is further reinforced by the findings of the 2024 Integrity Assessment Survey published by the Corruption Eradication Commission, which reported an integrity index score of 71.53 on a scale of 0–100, placing public institutions in the “vulnerable” category. These findings demonstrate that fraud, particularly within the public sector, remains a serious and unresolved issue in Indonesia.

From an economic perspective, preventing fraud is considerably more cost-effective than detecting and eradicating it after it occurs (Zimbelman, 2014; Puspasari, 2015). Despite the substantial allocation of government resources toward corruption prevention, supervision, and enforcement, corruption cases in Indonesia have not shown a significant decline (Nadirisyah, 2024). This situation suggests that existing prevention mechanisms—largely focused on internal controls and governance structures—may be insufficient. Consequently, there is a growing need to explore alternative and complementary approaches to fraud prevention that address not only structural and procedural aspects, but also human and ethical dimensions.

Prior research on fraud prevention has predominantly emphasized technical and structural factors such as internal control systems and corporate governance. A bibliometric analysis by Bahrul et al. (2024) confirms that these themes dominate the literature, while spiritual and ethical dimensions remain underexplored. Similarly, Geaquinto and Fry (2023) found that research on spirituality peaked between 2010 and 2019, with a noticeable decline in the last five years. This decline indicates a research gap, particularly in examining spirituality as a potential mechanism for mitigating unethical behavior and fraud in organizational settings.

The relevance of spirituality in organizations has gained attention since the late 1980s, emerging as a response to employee dissatisfaction and the perceived loss of personal values in modern workplaces (Garcia-Zamor, 2003). Wagner-Marsh and Conley (1999) conceptualized spiritually based organizations as the “fourth wave” of organizational development, following the technological transformation described as the “third wave” by Toffler (1984). This perspective emphasizes the integration of meaning, values, and purpose into organizational life. Consistent with this view, Hendricks and Ludeman (1996) predicted that spiritual leaders would increasingly emerge in modern organizations, rather than in traditional religious institutions. Empirical and conceptual studies have since demonstrated that spirituality contributes to ethical behavior, organizational commitment, and performance across various disciplines, including psychology, business ethics, and management (Bosch Rabell & Bastons, 2020).

However, empirical evidence linking spiritual intelligence (SI) and fraud prevention remains limited and inconclusive. Mahdi et al. (2021) examined SI as a moderating variable, leaving the direct effect of SI on fraud prevention largely unexplored. Other studies have reported mixed findings, including evidence that SI does not significantly influence fraud prevention (Siregar et al., 2025) or performance outcomes (Anjarini, 2017). These inconsistencies indicate the need for

further empirical investigation to clarify the role of spiritual intelligence in shaping auditor behavior and performance.

In contrast, prior research provides stronger support for the role of spiritual leadership in reducing unethical and deviant behavior. Studies in public sector contexts show that spiritual leadership negatively affects deviant behavior, suggesting that higher levels of spiritual leadership can suppress unethical actions (Mahyarni, 2019; Wahyono et al., 2020a). More recent studies have demonstrated that spiritual leadership significantly influences fraud prevention (Fahmy et al., 2025) and strengthens the effect of spiritual intelligence on fraud prevention (Siregar et al., 2025). Nevertheless, findings regarding its impact on performance remain mixed, as some studies report positive effects on organizational performance (Salehzadeh et al., 2015), while others find no direct influence on employee performance (Supriyanto et al., 2020).

Grounded in Attachment Theory (Mitroff et al., 2009), this study argues that auditors with strong spiritual qualities are more likely to develop ethical attachment to organizational values and moral responsibilities, thereby enhancing their performance and commitment to fraud prevention. Internal auditors play a strategic role in government institutions, and their performance may serve as a critical mechanism through which spiritual intelligence and spiritual leadership influence fraud prevention outcomes.

Accordingly, the primary objective of this study is to empirically examine the influence of spiritual intelligence and spiritual leadership on fraud prevention. In addition, this study investigates the mediating role of auditor performance in the relationship between spiritual intelligence, spiritual leadership, and fraud prevention. By integrating spiritual and performance-based perspectives, this research seeks to contribute theoretically to the fraud prevention literature and practically to the development of more holistic and human-centered anti-fraud strategies in the public sector.

Association of Certified Fraud Examiners, adopt the definition of fraud from Black's Law Dictionary which states that "Fraud is any activity that relies on deception in order to achieve a gain" (ACFE, 2024). Fraud becomes a crime when it is a knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment. In other words, if you lie in order to deprive a person or organization of their money or property, you're committing fraud (ACFE, 2024).

According to the *Association of Certified Fraud Examiners* fraud is divided into 3 (three) typologies of action, that are Asset Misappropriation, Fraudulent Statement, and Corruption. Asset misappropriation is a scheme in which an employee steals or misuses the employing organization's resources (e.g., theft of company cash, false billing schemes, or inflated expense reports). Asset Misappropriation includes the stealing or misappropriation of company's assets or property or other party. This is a form of fraud that is most easily detected because it is tangible or the value can be defined (Purnamasari & Amaliah, 2015).

Fraudulent Statement include actions committed by an officer or executive of a company or government agency to cover the financial conditions by doing financial engineering in financial statements to obtain benefit (window dressing) (Purnamasari & Amaliah, 2015).

Corruption is the most difficult type of fraud to detect because it involves cooperation with other parties such as bribery and corruption, which is the most common fraud that occurs in developing countries in which law enforcement is weak and still lacks awareness of good governance so that the factor of integrity is still questionable. This kind of fraud usually cannot be detected because the parties work together to take benefits (symbiosis mutualism). Conflict of interest, bribery, illegal gratuities, and economic extortion are included here (Purnamasari & Amaliah, 2015).

Spiritual Intelligence is an individual's belief infrastructure that influences his or her performance (McSherry et al., 2002). Spiritual intelligence is significantly relevant in achieving positive organizational outcomes such as organizational performance (Mahmood et al., 2015; Marques, 2008). Spiritual intelligence has been empirically proven to improve organizational performance (Malik & Tariq, 2016), Employees in the organization can improve their performance in line with the improvement in organizational performance through the role of implementing spiritual intelligence. According to previous research, auditor performance is positively and significantly influenced by Spiritual Intelligence (Mappanyuki, 2016). In many studies, Spiritual Intelligence can have a positive and significant influence on performance (Mahmood et al., 2015; Malik & Tariq, 2016; Nurzaman & Amalia, 2022). Based on the above, the following hypothesis is constructed:

**H1:** Spiritual Intelligence had a positive and significant effect to Auditor Performance

Previous research conducted by Ali, Aziz, et al., (2020) provides empirical evidence that there is an influence of Spiritual Leadership on employee safety performance, which contributes to the role of Spiritual Leadership and a harmonious safety spirit in shaping employee safety behavior, which goes beyond the boundaries of employee behavior. Prior research by Elias et al., (2017b) proved that there is a positive relationship between spiritual leadership style and organizational performance. This means that implementing a spiritual leadership style has an impact on improving employee performance, thereby improving organizational performance. The spiritual leadership style demonstrates a way that can intrinsically inspire employees to go beyond their role obligations for the common good of the group. This spiritual leadership positively influences the effectiveness of employee performance (Wang et al., 2019). The results of previous research provide empirical evidence that Spiritual Leadership has a positive and significant influence on performance (Narcikara & Zehir, 2016; Salehzadeh et al., 2015). Based on the above, the following hypothesis is constructed:

**H2:** Spiritual Leadership had a positive and significant effect to Auditor Performance

Auditors play a vital role in detecting financial fraud and predicting possible bankruptcies and unexpected crises (Muñoz-Izquierdo et al., 2019). Auditor detection of financial statement fraud has been a major focus of regulators and standard setters over the past decade (Australian Securities & Investments Commission (ASIC), 2015, 2017; Center for Audit Quality (CAQ), 2010; Financial Reporting Council (FRC) ), 2013; Forum Internasional Regulator Audit Independent (IFIAR), 2015; [Public Company Accounting Oversight Board](#) (PCAOB), 2013) (Chen et al., 2018). However, on the other hand, research shows that audit quality is threatened by poor auditor performance (Nehme et al., 2020). Therefore, further research is needed regarding factors that can improve the quality of auditors in carrying out their work to prevent fraud.

Internal auditors act as the primary control mechanism to ensure compliance and prevent fraud (Bonrath, 2024). High auditor performance significantly enhances the effectiveness of fraud prevention within an organization (Lonto et al., 2023). This means that when auditors demonstrate strong skills, uphold professional standards, and act with integrity, they are much more effective at preventing fraud in organizations. Their expertise and ethical conduct enable them to identify risks and implement controls that reduce the likelihood of fraudulent activities. Rifai & Mardijuwono (2020) found that Internal auditor integrity and organizational commitment both positively impact fraud prevention efforts in government auditing. While Mubarak et al., (2024) found that Internal auditor roles are foundational—eliminating fraud by enhancing inspection, early detection, and strengthening controls. Study from (Sabrina et al., 2025) affirms internal auditors increase anti-fraud culture, detect fraud early, and reinforce ethical climate. then, the research results Putra et al., (2022) dan Afrah et al., (2022) shows a strong and statistically significant relationship between internal audit practices and mitigation of fraudulent activities. Thus, the following hypothesis is proposed:

**H3:** Auditor Performance had a positive and significant effect to Fraud Prevention

The connection of Spiritual Intelligence and Fraud Prevention refers to the relationship and role of spiritual intelligence in preventing fraudulent behavior within organizations. In the context of fraud prevention, spiritual intelligence serves as a strong moral and ethical foundation that motivates individuals to avoid dishonest or fraudulent actions (Wiyarni et al., 2024). In recent time, the role of spiritual intelligence is recognized as a significant factor in enhancing spiritual well-being, mitigating occupational stress, and facilitating effective social functioning, thereby fostering a more profound comprehension of job responsibilities among employees (Aini et al., 2023). Spiritual intelligence can motivate individuals to avoid Machiavellian behavior in order to maintain balance and connectedness in the individual's life which the impact become a positive organizational culture that will automatically prevent fraud (Maharani et al., 2024). Based on these arguments, the following hypothesis is proposed:

**H4:** Spiritual Intelligence had a positive and significant effect to Fraud Prevention

Previous research has suggested that certain leadership models can prevent fraud. For example, the framework from Murphy & Dacin (2011) offers an opportunity for leaders to take steps to prevent, or at least reduce, fraud, and Ariail & Crumbley (2016) stated that ethical leadership plays a role in preventing fraud. Fraud can actually be minimized through the role of leaders with the right type of leadership.

Fraud can be minimized through the role of leaders with the right leadership style. Research shows that leadership style has a significant influence on asset misappropriation in companies (Ghani et al., 2021). Jiang et al., (2023) empirically demonstrated that spiritual leadership improves employee morale. Similarly, Vedula & Agrawal (2024) developed a conceptual framework incorporating superior work ethic as a result of spiritual leadership. Both morals and ethics are key factors as a foundation for avoiding fraudulent behavior.

Increasing leadership spirituality will reduce deviant behavior in the workplace (Mahyarni, 2019; Wahyono et al., 2020b). Deviant behavior can be equated with fraud. Therefore, leadership spirituality can influence an auditor's ability to detect fraud (Fadli & Supri, 2023). Based on these arguments, the following hypothesis is proposed:

**H5:** Spiritual Leadership had a positive and significant effect to Fraud Prevention

Auditor performance is assumed to be a mediator in mediating the relationship between Spiritual Intelligence and Fraud Prevention because there is previous research that provides evidence that auditor performance has a positive and significant effect on fraud prevention (Handoyo & Bayunitri, 2021). An auditor's spiritual intelligence has a positive effect on their ability to detect and prevent fraud. However, this effect will be most optimal if spiritual intelligence can first improve auditor performance. In other words, spiritual intelligence improves auditor performance, and good auditor performance in turn improves the effectiveness of fraud prevention (Fadli & Supri, 2023). Yulindah et al., (2024) found that Spiritual intelligence positively contributes to the ability of internal audit personnel to prevent and detect fraud, with spiritual intelligence helping auditors determine ethical actions and make appropriate decisions in uncovering fraud. Therefore, the following hypothesis is proposed:

**H6:** Auditor Performance can mediate the influence of Spiritual Intelligence on Fraud Prevention

Previous research has shown that leadership style has a significant impact on fraud prevention (Fitriyah & Fauziah, 2020). Meanwhile, research by Mahyarni (2019) and Wahyono et al., (2020a) provides empirical evidence that spiritual leadership significantly reduces deviant behavior. Previous research also indicates that auditor performance can have a positive and significant impact on fraud prevention (Handoyo & Bayunitri, 2021; Olatunji & Adekola, 2017). . Based on these arguments, the following hypothesis is proposed:

**H7:** Auditor Performance can mediate the influence of Spiritual Leadership on Fraud Prevention

## **2. Method**

The population in this study is the Government Internal Auditors who work at Financial and Development Supervisory Agency. The research sample was taken using a purposive sampling method. Purposive sampling is a sampling technique that uses certain considerations according to the desired criteria to determine the number of samples to be studied. The considerations in determining the research sample were Government Internal Auditor serving in the Financial and Development Supervisory Agency Provincial Representative and Regional Inspectorates that have the highest fraud cases in government institutions in Indonesia with the greatest losses, so that the research samples were taken from the Financial and Development Supervisory Agency of Central Java Province, East Java Province and South Sumatra Province. The sample was drawn from three provinces selected based on data reported by Indonesian Corruption Watch (2023), which identified these provinces as having the highest prevalence of government-related fraud cases in Indonesia. Despite this condition, by 2024 the selected provinces demonstrated a substantial improvement, achieving a reduction in fraud incidents exceeding 70 percent. This contrast provides a robust empirical setting for examining the role of spiritual intelligence, spiritual leadership, and internal auditor performance in strengthening fraud prevention mechanisms. To collect research data, a survey method was used. This research used a questionnaire for data collection (Fowler, 2014). The number of samples that filled out the questionnaire was 201 people.

Fraud is an unlawful act that is carried out intentionally for a specific purpose, such as manipulation or giving false reports to other parties (ACFE, 2022). Thus, Fraud Prevention is an effort to prevent unlawful acts that are carried out intentionally for a specific purpose, such as manipulation or giving false reports to other parties. To measure Fraud Prevention this study adopts indicators of fraud prevention derived from Article 48 paragraph (2) of Government Regulation Number 60 of 2008 concerning the Government Internal Control System, as this regulation provides an authoritative and comprehensive framework for internal supervision within Indonesian public sector organizations. The regulation explicitly mandates the Government Internal Supervisory Apparatus to conduct internal oversight through audit, review, evaluation, monitoring; and other supervisory activities.

In this study, auditor performance is operationalized using indicators derived from Article 11 of Government Regulation No. 60 of 2008 concerning the Government Internal Control System, which delineates the core functions of the Government Internal Supervisory Apparatus, namely assurance activities, anti-corruption activities, and consulting activities. The use of these indicators is theoretically and institutionally justified, as they represent the primary performance domains through which internal auditors contribute to organizational accountability, risk management, and governance in the public sector. By adopting this regulatory framework, the measurement of auditor performance is aligned with legally mandated roles and standardized professional expectations, thereby enhancing the construct validity and contextual relevance of the variable within government auditing settings in Indonesia.

Spiritual Intelligence defined as the intelligence with which we address and solve problems of meaning and value, the intelligence with which we can place our actions and lives in a broader, richer, and more meaningful context, the intelligence with which we can judge which actions or paths of life are more meaningful than others (Zohar & Marshall, 2000). This variable measured by indicators from King (2008), which are Critical Existential Thinking, Personal Meaning Production, Transcendental Awareness and Conscious State Expansion.

Spiritual Leadership defined as the values, attitudes and behaviour that are needed to intrinsically motivate oneself and others so that they have a sense of spiritual well-being through calling and membership (Fry, 2003). This variable measured by indicators from Fry (2003) which are vision, altruistic love and hope/faith.

Based on the literature above, then research model can be seen in the following image:

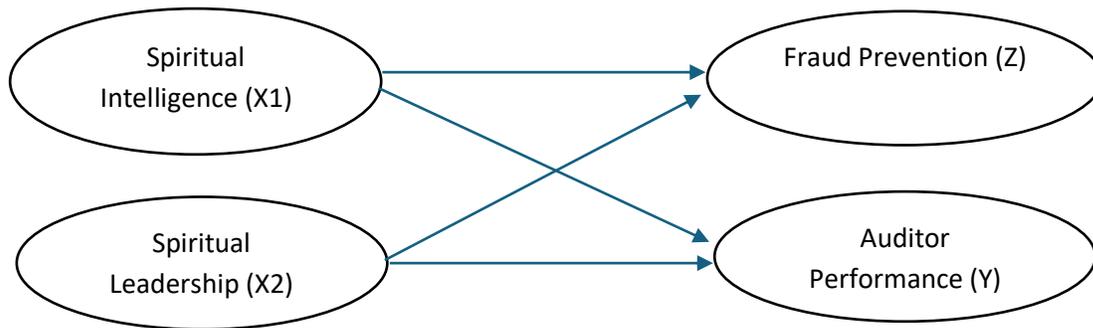


Figure 1. Research Model

After the data was collected, before the data being analyzed, the questionnaires that had been filled out by the respondents were then tabulated and validity and reliability tests were carried out. Good convergent validity is indicated by a high standardized loading factor (SLF) value. Hair et al., (2010: 678) recommends an SLF value of  $\geq 0.5$ .

To measure the reliability of an indicator item, the construct reliability (CR) and average variance extracted (AVE) values are used. The construct reliability (CR) measure is also a determining indicator of the goodness or badness of convergent validity. Hair (2010:679) states that a CR value  $\geq 0.7$  is considered good reliability, while a CR value between 0.6 and 0.7 is considered acceptable reliability, provided the indicator variables demonstrate good validity. The CR measure is calculated using the following formula (Hair, 2010:679). Meanwhile, Hair (2010:679) stated that an AVE value  $\geq 0.5$  indicates adequate convergence.

Data analysis tools using SEM with AMOS with the following regression formula:

$$1: \eta_1 = \gamma_1 \xi_1 + \gamma_2 \xi_2 + \zeta_1 \tag{1}$$

$$2: \eta_2 = \gamma_3 \xi_1 + \gamma_4 \xi_2 + \beta_1 \eta_1 + \zeta_2 \quad (2)$$

Definition of Variables

$\xi_1$ : Spiritual Intelligence

$\xi_2$ : Workplace Spirituality

$\eta_1$ : Auditor Performance (mediating variable)

$\eta_2$ : Fraud Prevention (endogenous variable)

$\gamma$ : Path coefficients from exogenous to endogenous variables

$\beta$ : Path coefficient between endogenous variables

$\zeta_1, \zeta_2$ : Disturbance (error) terms

### 3. Results

Table below depict the result of validity test result:

Table 1. Validity Test Result

Variable	Indicator Items	Standardized Loading Factor (SLF)	Result
Spiritual Intelligence	SI.1.1	0,875	Valid
	SI.1.2	0,841	Valid
	S1.2.1	0,857	Valid
	SI.2.2	0,851	Valid
	SI.3.1	0,838	Valid
	SI.3.2	0,818	Valid
	S1.4.1	0,851	Valid
	SI.4.2	0,869	Valid
Spiritual Leadership	SL.1.1	0,858	Valid
	SL.1.2	0,870	Valid
	SL.2.1	0,825	Valid
	SL.2.2	0,870	Valid
	SL.3.1	0,876	Valid
	SL.3.2	0,847	Valid
Auditor Performance	AP.1.1	0,873	Valid
	AP.1.2	0,867	Valid
	AP.1.3	0,824	Valid
	AP.1.4	0,852	Valid
	AP.1.5	0,857	Valid
	AP.2.1	0,859	Valid
	AP.2.2	0,860	Valid
	AP.3.1	0,863	Valid
Fraud Prevention	AP.3.2	0,862	Valid
	FP.1.1	0,718	Valid
	FP.1.2	0,735	Valid

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FP.2.1	0,728	Valid
FP.2.2	0,775	Valid
FP.3.1	0,720	Valid
FP.3.2	0,743	Valid
FP.4.1	0,741	Valid
FP.4.2	0,723	Valid
FP.5.1	0,783	Valid
FP.5.2	0,769	Valid

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Source: Processed Data from AMOS 17

The results of the reliability test can be seen in Table 2 as follows:

Table 2. Reliability Test Result

Variables	AVE	CR	Result
Spiritual Intelligence	0,722786	0,954234	Reliable
Spiritual Leadership	0,735896	0,943539	Reliable
Auditor Performance	0,735382	0,961547	Reliable
Fraud Prevention	0,553307	0,925235	Reliable

Source: Processed Data from AMOS 17

Table 2 presents the results of the reliability test for each research variable processed using AMOS 17. The reliability of the constructs was evaluated using the Average Variance Extracted (AVE) and Composite Reliability (CR) criteria. The results indicate that all variables meet the recommended reliability standards. Spiritual Intelligence shows an AVE value of 0.722786 and a CR value of 0.954234, while Spiritual Leadership has an AVE of 0.735896 and a CR of 0.943539. Auditor Performance also demonstrates strong reliability with an AVE value of 0.735382 and a CR value of 0.961547. Meanwhile, Fraud Prevention records an AVE value of 0.553307 and a CR value of 0.925235. Overall, all constructs have CR values above 0.70 and AVE values above 0.50, indicating that the measurement model has good reliability and convergent validity. Therefore, it can be concluded that all research variables are reliable and suitable for further analysis.

Before conducting the hypothesis test, a fit model test was conducted using predetermined criteria. The result can be seen as following figure:

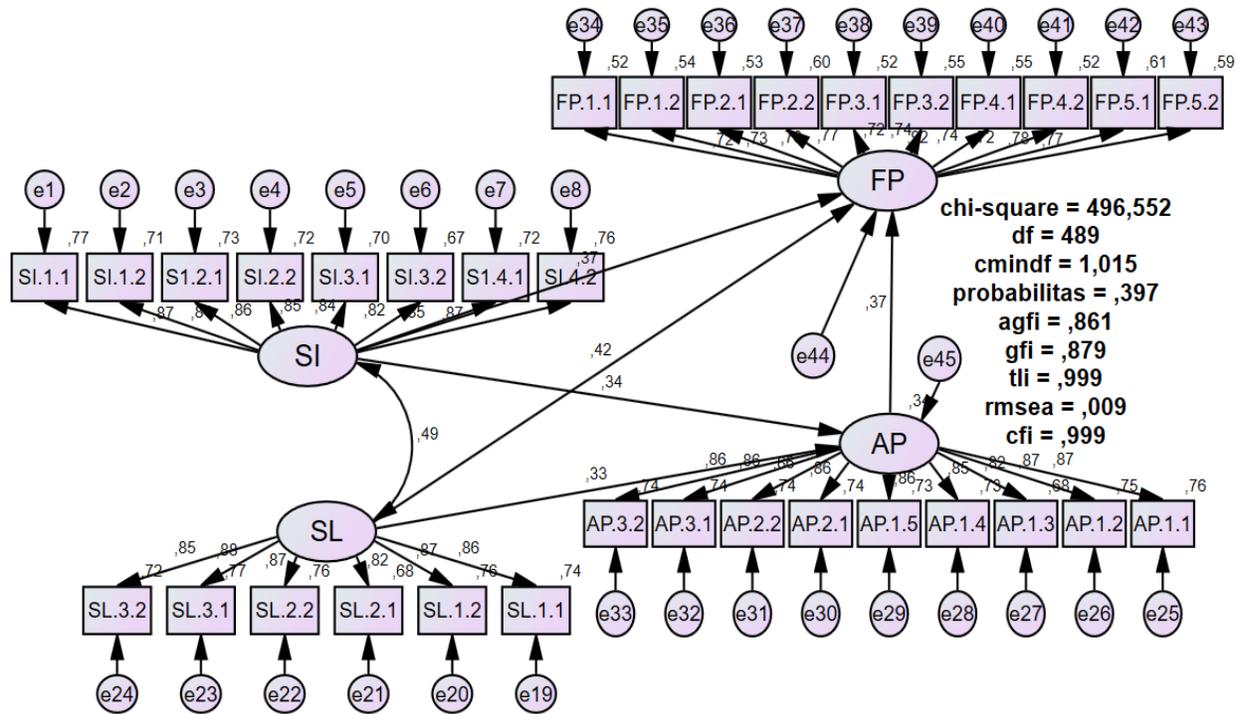


Figure 1. Fit Model Test Result

Based on the image above, it is concluded that the SEM model has met the assumptions.

Table 3. Fit Model

	Value	Result
Chi-Square /df= cmindf	296,749 / 186 = < 3 321	Fit
Probability	0,836	> 0,05 Fit
AGFI	0,890	0,8 to 0,9 Marginal Fit
GFI	0,906	> 0,9 Fit
TLI	1,006	> 0,9 Fit
RMSEA	0,000	< 0,1 Fit
CFI	1,000	> 0,9 Fit

Source: Processed Data from AMOS 17

Move forward, a structural model test will be carried out, namely testing the significance of the influence, and the result can be seen on table below.

Table 4. Hypothesis Test Result for Direct Effect

	Estimate	S.E.	C.R.	P
Auditor Performance <--- Spiritual Intelligence	0,341	0,073	4,705	***
Auditor Performance <--- Spiritual Leadership	0,342	0,076	4,497	***
Fraud Prevention <--- Auditor Performance	0,230	0,030	7,746	***
Fraud Prevention <--- Spiritual Intelligence	0,228	0,029	7,768	***
Fraud Prevention <--- Spiritual Leadership	0,269	0,032	8,304	***

Source: Processed Data from AMOS 17

Based on Table 4 it is concluded that Spiritual Intelligence has a positive effect on Auditor Performance, with a coefficient value of 0,341 and a significant C.R. value of 4,705 > 1,96, thus concluding that Hypothesis 1 is accepted. Spiritual Leadership has a positive effect on Auditor Performance, with a coefficient value of 0,342 and a significant C.R. value of 4,497 > 1,96, thus concluding that Hypothesis 2 is accepted. Auditor Performance has a positive effect on Fraud Prevention, with a coefficient value of 0,230 and a significant C.R. value of 7,768 > 1,96, thus concluding that Hypothesis 3 is accepted. Spiritual Intelligence has a positive effect on Fraud Prevention, with a coefficient value of 0,228 and a significant C.R. value of 7,768 > 1,96, thus concluding that Hypothesis 4 is accepted. Spiritual Leadership has a positive effect on Fraud Prevention, with a coefficient value of 0,269 and a significant C.R. value of 8,304 > 1,96, thus concluding that Hypothesis 5 is accepted.

The next step, a mediation test was conducted to test whether Auditor Performance significantly mediates the relationship between Spiritual Intelligence and Fraud Prevention. Mediation testing was carried out using the Sobel test and the result showed that the Sobel z value was 3,98910478 with a probability of 0,0000. Based on this, it was concluded that the indirect effect of Spiritual Intelligence on Fraud Prevention, through Auditor Performance was  $0,341 \times 0,230 = 0,07843$ . Auditor Performance significantly mediated the relationship between Spiritual Intelligence and Fraud Prevention, with Sobel  $Z = 3,98910478 > 1,96$  so it was concluded that Hypothesis 6 was accepted.

Mediation role Auditor Performance between Spiritual Leadership and Fraud Prevention showed that the Sobel z value was 3,88087103 with a probability of 0,0000. Based on this, it was concluded that the indirect effect of Spiritual Leadership on Fraud Prevention, through Auditor Performance was  $0,342 \times 0,230 = 0,07866$ . Auditor Performance significantly mediated the relationship between Spiritual Leadership and Fraud Prevention, with Sobel  $Z = 3,88087103 > 1,96$  so it was concluded that Hypothesis 7 was accepted.

#### 4. Discussion

##### **The Influence of Spiritual Intelligence on Auditor Performance**

The research results show that spiritual intelligence has a positive and significant impact on auditor performance. Auditors with high spiritual qualities tend to be more self-controlled, behave honestly and ethically, and understand that their work is part of their religious

obligations, thus improving the quality and performance of their audits. The research results are in line with the results of previous research conducted by Mappanyuki (2016).

### **The Influence of Spiritual Leadership on Auditor Performance**

The research results show that spiritual intelligence has a positive and significant impact on auditor performance. Spiritual leadership incorporates religious ethical values and promotes psychological calm and flexibility in employees. This leadership style encourages auditors to view their work as meaningful and aligned with higher values, which can improve their focus, reduce dysfunctional behavior, and enhance overall job performance. This research in line with prior research from (Salehzadeh et al., 2015).

### **The Influence of Auditor Performance on Fraud Prevention**

The research results show that auditor performance has a positive and significant impact on fraud prevention. High-performing internal auditors help prevent fraud by identifying weaknesses in internal controls, conducting effective oversight, and providing recommendations for improvement. This enables organizations to better minimize the risk of fraud. The research results are in line with the results of previous research conducted by Lonto et al., (2023).

### **The Direct Influence of Spiritual Intelligence on Fraud Prevention**

The research results show that spiritual intelligence has a positive and significant impact on fraud prevention. Spiritual intelligence helps auditors maintain ethical attitudes, strong integrity, and professionalism, which are essential in preventing and disclosing fraud. The research results are in line with the results of previous research conducted by (Mahdi et al., 2021).

### **The Direct Influence of Spiritual Leadership on Fraud Prevention**

This research proved that Spiritual Leadership had positive and significant direct effect to prevent fraud in government. Spiritual leadership influences fraud prevention both directly and indirectly by fostering a strong ethical foundation and internal control mechanisms within organizations. Leaders with spiritual qualities promote honesty, integrity, hope, faith, and altruistic love, which contribute to creating a workplace environment that discourages deviant behaviors such as fraud.

### **The Mediating Role of Auditor Performance in the Influence of Spiritual Intelligence on Fraud Prevention**

The research results show that auditor performance able to give mediation effect in the influence of spiritual intelligence on fraud prevention. Auditor performance can play a mediation role in the influence of spiritual intelligence on fraud prevention. This means that spiritual intelligence indirectly impacts fraud prevention through its effect on the auditor's performance. Good auditor performance, bolstered by spiritual intelligence, enables auditors to more effectively prevent fraud in organization. Essentially, spiritual intelligence enhances auditor competence and motivation, which in turn increases the auditor's ability to proactively prevent fraud.

### **The Mediating Role of Auditor Performance in the Influence of Spiritual Leadership on Fraud Prevention**

The research results show that auditor performance able to give mediation effect in the influence of spiritual leadership on fraud prevention. Spiritual leadership promotes ethical values, integrity, and accountability within an organization, shaping a strong ethical culture that deters fraudulent behavior. However, the actual prevention of fraud depends significantly on how effectively auditors perform their roles in detecting, controlling, and mitigating fraud risks. spiritual leadership instills values that enhance auditors' motivation, awareness, and ethical commitment, enabling better execution of internal controls and fraud detection activities. Consequently, auditor performance mediates the relationship by operationalizing the ethical culture into tangible fraud prevention. This mediation effect means that without competent and effective auditing, the positive influence of spiritual leadership on fraud prevention may be limited, while strong auditor performance enhances the impact of spiritual leadership on reducing fraud risks.

### **5. Conclusion**

This study provides empirical evidence that spiritual intelligence and spiritual leadership play significant roles in enhancing auditor performance and strengthening fraud prevention. The findings indicate that spiritual intelligence positively affects auditor performance, suggesting that auditors with strong spiritual values demonstrate higher ethical awareness, self-control, and professionalism. These qualities enable auditors to perform their duties more responsibly and with greater integrity, thereby improving audit quality in order to prevent fraud.

Similarly, spiritual leadership is found to have a positive and significant effect on auditor performance. Leaders who emphasize spiritual and ethical values foster a meaningful and supportive work environment that enhances auditors' motivation, commitment, and focus. This leadership style aligns individual values with organizational goals, reduces dysfunctional behavior, and ultimately improves auditor performance to deter fraud.

The results further show that auditor performance has a positive influence on fraud prevention. High-performing auditors contribute to stronger internal controls, more effective supervision, and early detection of fraud risks, which reduces opportunities for fraudulent behavior. This finding confirms the critical role of auditor effectiveness in organizational fraud prevention.

Moreover, the mediation analysis confirms that auditor performance significantly mediates the relationships between spiritual intelligence and fraud prevention, as well as between spiritual leadership and fraud prevention. This indicates that spiritual values and ethical leadership enhance fraud prevention primarily through improved auditor performance. Without effective auditor performance, the positive influence of spiritual intelligence and spiritual leadership on fraud prevention may be limited.

Overall, this study highlights the importance of integrating spiritual development and ethical leadership into auditor capacity-building and governance frameworks to enhance audit performance and strengthen fraud prevention efforts.

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