

ABSTRACT

This study aims to examine the effects of pressure, opportunity, rationalization, and good governance on fraud in village fund management. Fraud in the public sector, particularly at the village level, is a complex issue influenced by individual behavioral factors and governance quality. This study adopts fraud triangle theory and good governance principles as the analytical framework.

This research employs a quantitative approach using primary data collected through structured questionnaires distributed to respondents with knowledge of village fund management. The variables include pressure in financial and non-financial forms, opportunity related to supervision and internal control, rationalization reflecting the justification of deviant behavior, and good governance measured through transparency, accountability, community participation, effectiveness and efficiency, and equity. Data were analyzed using statistical techniques to test the hypotheses.

The results indicate that opportunity and rationalization have a positive and significant effect on fraud in village fund management, while pressure and good governance do not have a significant effect. These findings suggest that fraud is more influenced by situational opportunities and individual justification rather than pressure or formal governance practices. This study highlights the importance of strengthening internal control systems to reduce opportunities for fraud.

Keywords: fraud, village fund management, opportunity, rationalization, good governance