ABSTRACT

This study aims to examine the effect of good governance on fraud perception in village fund management, the effect of good governance on public trust, the effect of public trust on fraud perception, and the mediating role of public trust in the relationship between good governance and fraud perception. A quantitative research approach was employed using primary data collected through questionnaires distributed to 205 university students residing in rural areas across Indonesia. The data were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The findings reveal that good governance has a positive and significant effect on public trust. At the dimensional level, only the effectiveness and efficiency and responsiveness dimensions significantly enhance public trust, while the remaining dimensions do not show significant effects. Conversely, good governance does not have a significant effect on fraud perception in village fund management. Furthermore, public trust does not significantly influence fraud perception and fails to mediate the relationship between good governance and fraud perception. These findings suggest that although the implementation of good governance strengthens public trust in village governments, it is not sufficient to reduce public perceptions regarding the potential occurrence of fraud in village fund management. This study contributes to the literature by providing empirical evidence on the relationships among good governance, public trust, and fraud perception within the context of village fund management in Indonesia.

Keywords: Good Governance, Public Trust, Fraud Perception, Village Fund Management, PLS-SEM.