The Development of Local Government Financial Performance Research in Indonesia in the VUCA Era: A Conceptual Review

Fahtia Nur Hanifah[1], Jaka Winarna[2]

[1]Master Program in Accounting, Faculty of Economics and Business, Universitas Sebelas Maret Surakarta, Indonesia

[2]Faculty of Economics and Business, Universitas Sebelas Maret Surakarta, Indonesia

Abstract

This study aims to provide empirical evidence on the development of Government financial performance research in Indonesia. Researchers identified articles with financial performance cause-and-effect relationships. This study analyzed 18 articles on government financial performance in Indonesia obtained from 13 nationally accredited journals indexed by the Ministry of Research, Technology and Higher Education (Kemenristedikti), namely Sinta 1 and Sinta 2. The researcher classified the articles based on the variables used and then analyzed them using the charting field method. This study found that financial factors such as expenditure, intergovernmental revenue, and leverage are more frequently used in research. In addition, some variables give inconsistent results and should be studied further to find these inconsistencies. VUCA indirectly creates new trends that are important for practitioners and academics.

Keywords: Government Financial Performance; Financial Condition Factors; Local Government; Charting the Field; Literature Review

1. Introduction

Public sector organizations are currently experiencing very rapid development. Characterized by technological advances, in the digital economy, information flows so that changes in the strategic environment are rapid, dynamic, complex, and unpredictable called Volatility Uncertainty Complexity and Ambiguity (VUCA) which cannot be separated by the great influence of technology. In addition, increasing Human Resources (HR) can provide considerable opportunities for the region itself to further optimize its potential or wealth.

Regional financial performance can be used as an indicator of the success of government performance. By paying attention to financial performance, it can be seen to what extent the power holder is responsible, where every rupiah of public money must be accounted for by the people who have contributed money to finance government development (Mahmudi, 2006). Finance has an important role in an organization because technology currently plays a role quickly and large, this condition is known as Volatility Uncertainty Complexity and Ambiguity (VUCA). This describes a scope full of challenges, and confidence levels and often confuses the executives involved.

Transparency and accountability in organizational and financial management are very important issues today, especially in local government organizations. Good local financial management will help regions to better plan and allocate development priorities, so that regional performance can improve significantly. Seeing the current conditions caused by the VUCA phenomenon, requires local government organizations to be able to carry out institutional reforms and local financial management by promoting high transparency and accountability.

Local governments must measure financial and non-financial performance. This measurement system will integrate the process of improving performance through the planning stages to evaluating its achievements. Performance can be used as a measure of the success of activities in a certain period (Azhar, 2008). Local government financial performance analysis has two main functions. First, as a tool to regulate governance. Second, it helps all users of local government financial statements, including the public, in evaluating local government performance.

Exchange rate analysis has been widely used by the private sector, but its application in public organizations is still limited. The results of this analysis can be used to determine the threshold for local government performance, and it is expected that these results can be used as a starting point for raising the threshold from year to year. To determine transparency and accountability, or accountability of local government budget realization reports in conducting local financial management, measuring local financial performance is very important.

Previous research provides empirical evidence regarding the financial performance of Suyono (2010). In the study, 6 variables of revenue, expenditure, taxes, grants, real estate and

capital were used with financial performance proxied by Current Ratio (CR), Debt to Equity (DER), Assets Turnover (AT), Operating Revenues to Total Revenues (ORTR), Operating Revenues to Operating Expenses (OROE). The results showed that the revenue variable has a positive influence on financial performance. The number of variables that are not significant may be caused by inappropriate assessment ratios. The ratios used in Suyono's (2010) research are considered more relevant for the private sector that uses the accrual basis accounting system.

Ayuningsih (2016) found a positive effect of regional wealth and capital expenditure on regional financial performance. In addition, other studies conducted by Julitawati, Darwanis and Jalaluddin (2012), Darwanis and Saputra (2014) conducted on districts or cities in Aceh Province, as well as Abdullah, Asmawanti and Febriansyah (2015) who conducted research in 58 districts or cities in South Sumatra in 2011-2013, and Lestari, Rahayu and Yudi (2019) who used district and city government data in Jambi Province also provide the same empirical evidence that regional wealth is a factor in regional financial performance. Research conducted by Harumiati and Payamta (2014), and Aziz (2016) using a sample of 30 district or city local governments in East Java in 2014 showed empirical evidence of a positive correlation between government size and local government financial performance. Tama and Adi (2018), and Saraswati and Rioni (2019) further show that government size is one of the determinants of local government financial performance.

It is clear from some of the previous studies listed above that researchers tried to relate various variables to financial performance. These variables need to be analyzed further to provide an overview of the results. Then, the results of the analysis will be mapped in the form of tables and figures, which researchers can use to plan and design their studies on financial performance in the future.

The VUCA (Volatility, Uncertainty, Complexity, Ambiguity) era shows a very dynamic and uncertain business environment. This also has an impact on the financial performance of local governments, which must face increasingly complex and diverse challenges. The impact of VUCA on financial performance research may lead to some changes and challenges in the methods, data, and analysis used. Overall, the impact of VUCA on financial performance research requires flexible methodologies, careful analysis, and careful data collection to be able to overcome the challenges posed by a volatile and complex environment. In addition, local governments need to have adequate backup plans and financial flexibility to deal with emergencies or unexpected changes. Thus, local governments can mitigate risks and remain adaptable to the dynamic environment in the VUCA era.

This research is expected to provide information about the development of research on financial performance in Indonesia and become input for further research by presenting variables that can be used as a combination for further research and understanding the importance of the financial performance of local governments in Indonesia. This study

examines 18 financial performance articles published in nationally accredited journals indexed by the Ministry of Research, Technology and Higher Education (Kemenristedikti), namely Sinta 1 and Sinta 2. The process of mapping the results of financial performance studies is done by identifying articles that have a causal relationship because financial performance is used as the dependent variable. It is hoped that this research can contribute to mapping the results of studies on the financial performance of local governments and their impact in Indonesia so that areas or topics that still need further study can be identified.

2. Methods

The method used in this study is "charting the field" developed by Hesford et. al (2006). This method describes the phenomena and development of articles related to the topic under investigation, such as research techniques, research models, variables, and research findings in accounting.

This study analyzed financial performance articles from all Sinta 1 and Sinta 2 journals accredited by the Ministry of Research, Technology, and Higher Education (Kemenristedikti). There are 18 articles obtained from 13 accredited journals Sinta 1 and 2 Kemenristekdikti. In Sinta 1 accredited journals there are only 1 article and 1 journal, while in Sinta 2 accredited journals there are 17 articles from 12 journals. This study collected data for 20 years, namely 2004-2023 with two periods, namely the first period 2004-2013, and the second period 2014-2023. In this approach, researchers have taken several research findings on the financial performance of companies and governments or the like and then identified them based on topics and methods. The list of journals used in this study can be seen in Table 1.

Article selection criteria: 1) Articles are registered in Sinta 1 or Sinta 2 journals accredited by the Ministry of Research, Technology and Higher Education (Kemenristekdikti). 2) Articles published between 2004-2023. 3) The topic of the article used is relevant to the theme or topic, namely "financial performance", especially in the scope of the public sector (government). Criteria for articles used as research samples are explained in the figure below:

Figure 1. Flow of Sample Selection

The following is an explanation of the picture above: 1) Stage 1: Researchers focused on finding journals indexed by Sinta 1 and Sinta 2 Kemenristekdikti in 2004-2023. 2) Researchers used the terms "accounting" and "finance" on the Kemenristekdikti Sinta 1 and Sinta 2 pages. From these two keywords, 17 accredited journals were found. 3) Researchers opened the journal pages one by one. 4) On each journal page, researchers entered the keywords "financial performance, regional financial performance, and financial performance" in the search field and got 36 articles. 5) After all the articles were downloaded, the researchers then identified each article in the data tabulation based on the journal name, institution, number of articles, population and sample, variables, results, author names, and year of publication.

3. Result and Discussion
3.1 Article Classification
This study used 18 articles obtained from 13 journals accredited by Sinta 1 and 2 Kemenristekdikti. In Sinta 1 accredited journals there are only 1 article and 1 journal, while in Sinta 2 accredited journals there are 17 articles from 12 journals that have met the criteria. The journal names, article titles, and researcher names are presented in Tables 1 and 2.

Table 1. List of Journal Names

Kepanjangan Nama Jurnal	Jurnal	Instusi	Jumlah Artikel	Bereputasi
Economic Journal of Emerging Markets	EJEM	Universitas Islam Indonesia	1	Sinta 1
Jurnal Akuntansi dan Bisnis	JAB	Universitas Sebelas Maret Surakarta	1	Sinta 2
Jurnal Akuntansi dan Pendidikan	ASSETS	Universitas PGRI Madiun	1	Sinta 2
Indonesian Treasury Review : Jurnal Perbendaharaan, Keuangan Negara dan Kebijakan Publik	ITRev	Direktorat Jendral Perbendaharaan, Kementrian Keuangan	1	Sinta 2
Jurnal Dinamika Akuntansi	JDA	Universitas Negeri Semarang	1	Sinta 2
Riset Akuntansi dan Keuangan Indonesia	REAKSI	Universitas Muhammadiyah Surakarta	2	Sinta 2
Media Ekonomi dan Manajemen	Media Ekonomi dan Manajemen	Universitas 17 Agustus 1945 Semarang	1	Sinta 2
Jurnal Ekonomi dan Bisnis	JEB	Universitas Kristen Satya Wacana	1	Sinta 2

Media Riset Akuntansi, Auditing & Informasi	MRAAI	Universitas Trisakti	1	Sinta 2
Accounting Analysis Journal	AAJ	Universitas Negeri Semarang	5	Sinta 2
Jurnal Ilmiah Akuntansi	JIA	Universitas Pendidikan Ganesha	1	Sinta 2
Jurnal Ekonomi Modernisasi	JEM	Universitas Kanjuruhan Malang	1	Sinta 2
Jurnal Ilmiah Akuntansi dan Bisnis	JIAB	Universitas Udayana	1	Sinta 2

Table 2. List of Sample Articles

No	Nama Jurnal	Judul	Nama Peneliti
1	EJEM	Analisis Kinerja Keuangan Kabupaten/Kota Pemekaran di Sumatera Utara	Paidi Hidayat, Wahyu Ario Pratomo & D. Agus Harjito (2007)
2	JAB	Analisis Kinerja Keuangan Pemerintah Daerah di Indonesia	Suyono (2010)
3	ASSETS	Pengaruh Karakteristik Pemerintah Daerah terhadap Kinerja Keuangan Pemerintah Daerah Kabupaten dan Kota di Jawa Timur	Tatas Ridho Nugroho & Novi Eko Prasetyo (2018)
4	ITRev	Analisis Kinerja Keuangan Pemerintah Provinsi Kalimantan Timur	Agus Tri Sulistyo (2018)
5	JDA	Evaluasi Penganggaran Berbasis Kinerja Melalui Kinerja Keuangan yang Berbasis *Value For Money* di Kabupaten/Kota di Jawa Timur	Taufik Kurrohman (2013)
6	REAKSI	Analisis Kinerja Pemerintah Daerah dalam Menghadapi Otonomi Daerah Ditinjau Aspek Keuangan	Sularmi & Agus Endro Suwarno (2006)
7	REAKSI	Do Political Factors Affect Financial Performance in Public Sector?	Hurian Kamela & Dyah Setyaningrum (2020)

|			
8	Media Ekonomi dan Manajemen	Analisis Kinerja Pengelolaan Keuangan Daerah dan Tingkat Kemandirian Daerah di Era Otonomi Daerah (Studi Kasus Kota Semarang Tahun 2009-2013)	Sundari & Rr.Suprantingrum (2015)
9	JEB	Tata Kelola Publik dan Kinerja Keuangan Pemerintah Daerah di Indonesia	Handoko A Hasthoro & Sunardi (2016)
10	MRAAI	Faktor-Faktor yang Mempengaruhi Kinerja Keuangan Pemerintah Daerah: Studi Meta-Analisis	Eviniar Nugraheni & Priyo Hari Adi (2020)
11	AAJ	Pengaruh Leverage, Ukuran Legislatif, Intergovermenmental Revenue dan Pendapatan Pajak Daerah terhadap Kinerja Keuangan Pemerintah Daerah	Mirna Sesotyaningtyas (2012)
12	AAJ	The Effect of Regional Characteristics, Leverage, Government Complexity, BPK Audit Findings and Opinions on Local Government Financial Performance	Yulia Wijayanti & Dhini Suryandari (2020)
13	AAJ	Pengaruh Size, Kemakmuran, Ukuran Legislatif, *Leverage* terhadap Kinerja Keuangan Pemerintah Daerah di Indonesia	Media Kusumawardani (2012)
14	AAJ	The Effect Of The Completeness Of Financial Statements And Fiscal Stress On The Human Development Index Through The Regional Financial Performance	Rina Anggraeni & Kiswanto Kiswanto (2018)
15	AAJ	Pengaruh Karakteristik Pemerintah Daerah. Temuan Audit BPK terhadap Kinerja Keuangan Pemerintah Daerah	Nur Ade Noviyanti & Kiswanto (2016)
16	JIA	Evaluasi Penerapan Performance Based Budgeting pada Pemerintah Provinsi di Indonesia	Nyoman Ayu Wulan Trisna Dewi & I Gd Nandra Hary Wiguna (2019)
17	JEM	Analisis perbandingan kinerja keuangan provinsi di Pulau Jawa dan Pulau Sumatera	Muhammad Hamdan Sayadi (2020)
18	JIAB	Kinerja Keuangan Memediasi Dana Perimbangan, Alokasi Belanja Daerah Pada Indeks Pembangunan Manuasia dan Pertumbuhan Ekonomi	Ni Putu Ari Aryawati & I Putu Sudana (2018)
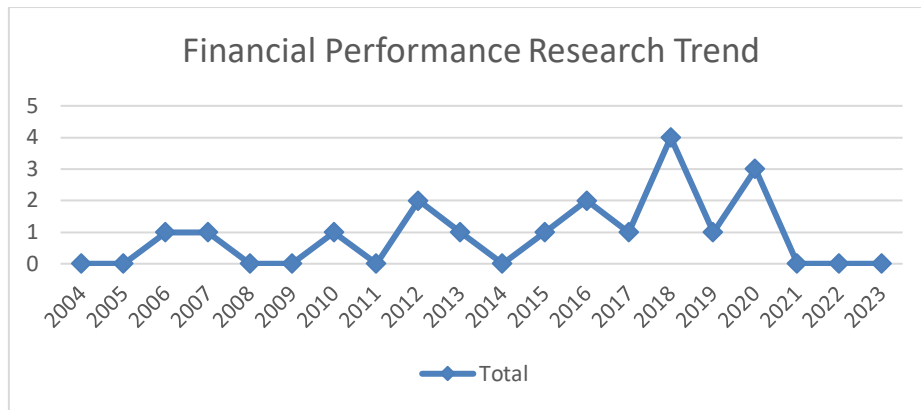
Figure 2: Trends in Financial Performance Research in Indonesia

Figure 1 shows that during the period 2004 to 2023, research on the financial performance of local governments in Indonesia has developed and decreased. The year 2004 was the beginning of the observation of financial performance research but in that year it was seen that there was no research related to financial performance. Research related to the financial performance of local governments in Indonesia began in 2006 and was first published in the Riset Akuntansi dan Keuangan Indonesia (REAKSI) in as many as 1 article. While the year 2023 is the end of observation, it appears that in that year there has been no research related to financial performance published in accredited journals Sinta 1 and 2 Kemenristekdikti. In the first period, the most studies were published in 2012, namely 2 studies, while in the second period, the most studies were published in 2018, totaling 4 studies. This increase in research is due to the large number of researchers interested in conducting research related to the financial performance of local governments in Indonesia.

Table 3. Sample Size and Percentage of Journals in the Study

Journal Name	2004-2023		2004-2013		2014-2023	
	Total	%	Total	%	Total	%
EJEM	1	6%	1	17%		
JAB	1	6%	1	17%		
ASSETS	1	6%			1	8%
ITRev	1	6%			1	8%
JDA	1	6%	1	17%		
REAKSI	2	11%	1	17%	1	8%
Media Ekonomi dan Manajemen	1	6%			1	8%
JEB	1	6%			1	8%
MRAAI	1	6%			1	8%
AAJ	5	28%	2	33%	3	25%
JIA	1	6%			1	8%

JEM	1	6%			1	8%
JIAB	1	6%			1	8%
TOTAL	**18**	**100%**	**6**	**100%**	**12**	**100%**

Table 3 shows the sample used in this study according to the observation period, namely 2004 to 2023, there is one journal that dominates research on financial performance, namely AAJ by 28 percent, then REAKSI by 11 percent, EJEM, JAB, ASSETS, ITRev, JDA, Media Economics, and Management, JEB, MRAAI, JIA, JEM and JIAB each by 6 percent because there is only one article related to the financial performance of Local Governments in Indonesia. A comparison of the two research periods, the first period 2004-2013 and the second period 2014-2023 shows that in the second period, there was a significant increase in the number of studies related to the financial performance of local governments in Indonesia, which was 50 percent of the first period with the number of articles published from 16 articles to 12 articles.

3.2 Classification of Articles Based on Research Methods

Table 4. Research Methods

Journal Name	Qualitative						Quantitative					
	2004-2023	%	2004-2013	%	2014-2023	%	2004-2023	%	2006-2014	%	2015-2023	%
EJEM	1	0,056	1	25%								
JAB							1	0,056	1	33%		
ASSETS							1	0,056			1	13%
ITRev	1	0,056	1	25%								
JDA	1	0,056	1	25%								
REAKSI	1	0,056	1	25%			1	0,056			1	13%
Media Ekonomi dan Manajemen	1	0,056			1	33%						
JEB							1	0,056			1	13%
MRAAI							1	0,056			1	13%
AAJ							5	0,2778	2	67%	3	38%
JIA	1	0,056			1	33%						
JEM	1	0,056			1	33%						
JIAB							1				1	13%

	TOTAL	7	39%	4	3	11	56%	3	%	8

From Table 4 it can be seen that out of 18 articles, 7 articles are qualitative research while the other 11 articles are quantitative research. It can be concluded that quantitative methods are more often used in research on the financial performance of local governments in Indonesia with a percentage of 56 percent compared to qualitative methods which have a percentage of 39 percent. The dominating journal in quantitative research is AAJ with a percentage of 38 percent or as many as 5 studies. Qualitative research is calculated through financial ratios consisting of growth ratios, compatibility ratios, effectiveness ratios, efficiency ratios, fiscal decentralization degree ratios, economic degrees, and regional dependency ratios.

From Table 5, it can be seen that the variable that dominates qualitative research on financial performance using qualitative research methods is the effectiveness ratio, which is 0.22 percent or there are as many as 4 variables from 7 studies. Variables that are still rarely used in financial performance research are growth ratios, economic ratios, regional financial capability ratios, and dependency ratios of 0.06 percent each or there are only 1 variable out of 7 studies.

Table 5. Distribution of Variables Based on Qualitative Methods

Variables	Number of Variables Used in Research	%	No. Article
Growth Ratio	1	0,06	1
Compatibility Ratio	2	0,11	1, 8
Regional Independence Ratio	3	0,17	4, 8, 16
Effectiveness Ratio	4	0,22	4, 5, 8, 16
Efficiency Ratio	2	0,11	5, 16
Fiscal Decentralization Degree Ratio	3	0,17	6, 8, 17
Economic Ratio	1	0,06	5
Regional Financial Capability Ratio	1	0,06	4
Regional Dependency Ratio	1	0,06	17
Total	18	100 %	

From Table 6, it can be seen that the variables that dominate quantitative financial performance research are expenditure and size, each distributed by 0.08 percent or 6 studies use these variables. The variables that are still rarely used in financial performance research are real estate, capital, grand, opposition politics, coalition politics, type of government, transparency, corruption perception index, participation, SKPD, completeness of financial statements, and fiscal stress each 0.02 percent or there is only 1 variable in the study that uses these variables.

Table 6. Distribution of variables based on quantitative methods

Variables	Number of Variables Used in Research	%	No. Article
Revenue	2	0,04	2, 18
Expenditure	6	0,12	2, 3, 10, 12, 15, 18
Real Estate	1	0,02	2
Capital	1	0,02	2
Tax	3	0,06	2, 10, 11
Grand	1	0,02	2
Intergovernmental Revenue	4	0,08	3, 10, 11, 15
Wealth	4	0,08	7, 10, 12, 15
Leverage	4	0,08	10, 11, 12, 13
Size	6	0,08	3, 9, 10, 12, 13, 15
Opposition Politics	1	0,02	7
Coalition Politics	1	0,02	7
Legislative	4	0,08	7, 9, 10, 11
Type of Government	1	0,02	7
Transparency	1	0,02	9
Audit Opinion	2	0,04	9, 12
Corruption Perception Index	1	0,02	9
Participation	1	0,02	9
Audit Findings	3	0,06	10, 12, 15
SKPD	1	0,02	12
Completeness of Financial Statements	1	0,02	14
Fiscal Stress	1	0,02	14
	50	100%	

3.3 Classification of Articles Based on Financial and Non-Financial Factors

Groves (2001) states that the Financial Trend Monitoring System (FTMS) can be used to monitor organizational, environmental, and financial factors that affect local government financial performance indicators. In the research of Groves et all (2001), there is a picture that shows the factors of financial performance.
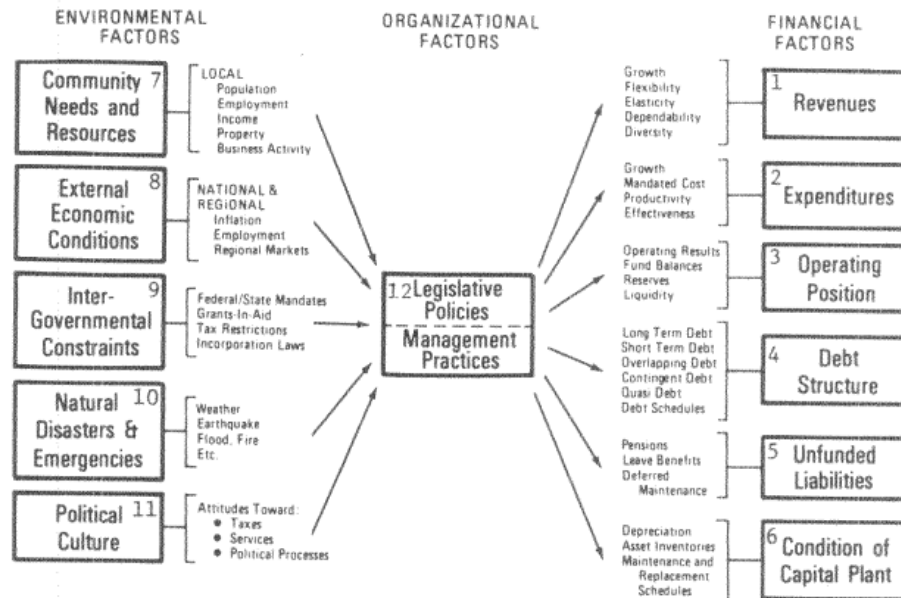
Figure 3. Financial Condition Factors

The figure above illustrates how each factor is interconnected as input and output. Overall, environmental factors that indicate external influences on local governments are filtered and transformed into organizational factors. The result is a set of financial factors that describe the internal financial structure of the government. Internal and external factors are very important to assess and determine financial performance. In this study, researchers classified articles based on financial and non-financial factors (environmental factors and organizational factors). Tables 7 and 8 show the results of the analysis of financial and non-financial factors used in the study of local government financial performance.

Table 7. Distribution of Articles Based on Financial Factors

Variables	Number of Variables Used in Research	%	No. Artikel
Revenue	2	4,00%	2, 18
Expenditure	6	12,00%	2, 3, 10, 12, 15, 18
Real Estate	1	2,00%	2
Capital	1	2,00%	2
Tax	3	6,00%	2, 10, 11
Grand	1	2,00%	2
Intergovernmental Revenue	4	8,00%	3, 10, 11, 15
Wealth	4	8,00%	7, 10, 12, 15
Leverage	4	8,00%	10, 11, 12, 13
	26	52%	

Table 8. Distribution of Articles Based on Non-Financial Factors

Variables	Number of Variables Used in Research	%	No. Artikel
Size	6	12,00%	3, 9, 10, 12, 13, 15
Opposition Politics	1	2,00%	7
Coalition Politics	1	2,00%	7
Legislative	4	8,00%	7, 9, 10, 11
Type of Government	1	2,00%	7
Transparency	1	2,00%	9
Audit Opinion	2	4,00%	9, 12
Corruption Perception Index	1	2,00%	9
Participation	1	2,00%	9
Audit Findings	3	6,00%	10, 12, 15
SKPD	1	2,00%	12
Completeness of Financial Statements	1	2,00%	14
Fiscal Stress	1	2,00%	14
	24	48%	

In this study, researchers collected all the variables used in 18 articles on local government financial performance and then grouped the variables based on the factors that influence them. Tables 7 and 8 show that researchers used financial and non-financial factors. Financial factors consist of revenue, expenditure, real estate, capital, tax, grand, intergovernmental revenue, wealth, and leverage. In contrast, non-financial factors consist of size, opposition politics, coalition politics, legislature, type of government, transparency, audit opinion, corruption perception index, participation, audit findings, SKPD, completeness of financial statements, and fiscal stress.

After comparing the number of studies, it can be seen that the percentage of studies using financial factors is higher than non-financial factors. Studies using financial factor variables accounted for 52 percent of the total number of studies, while studies using non-financial factor variables accounted for 48 percent. This shows that until now most researchers have used variables related to financial factors to research the financial performance of their local governments.

4. Discussion
Cause-Effect Relationship Mapping
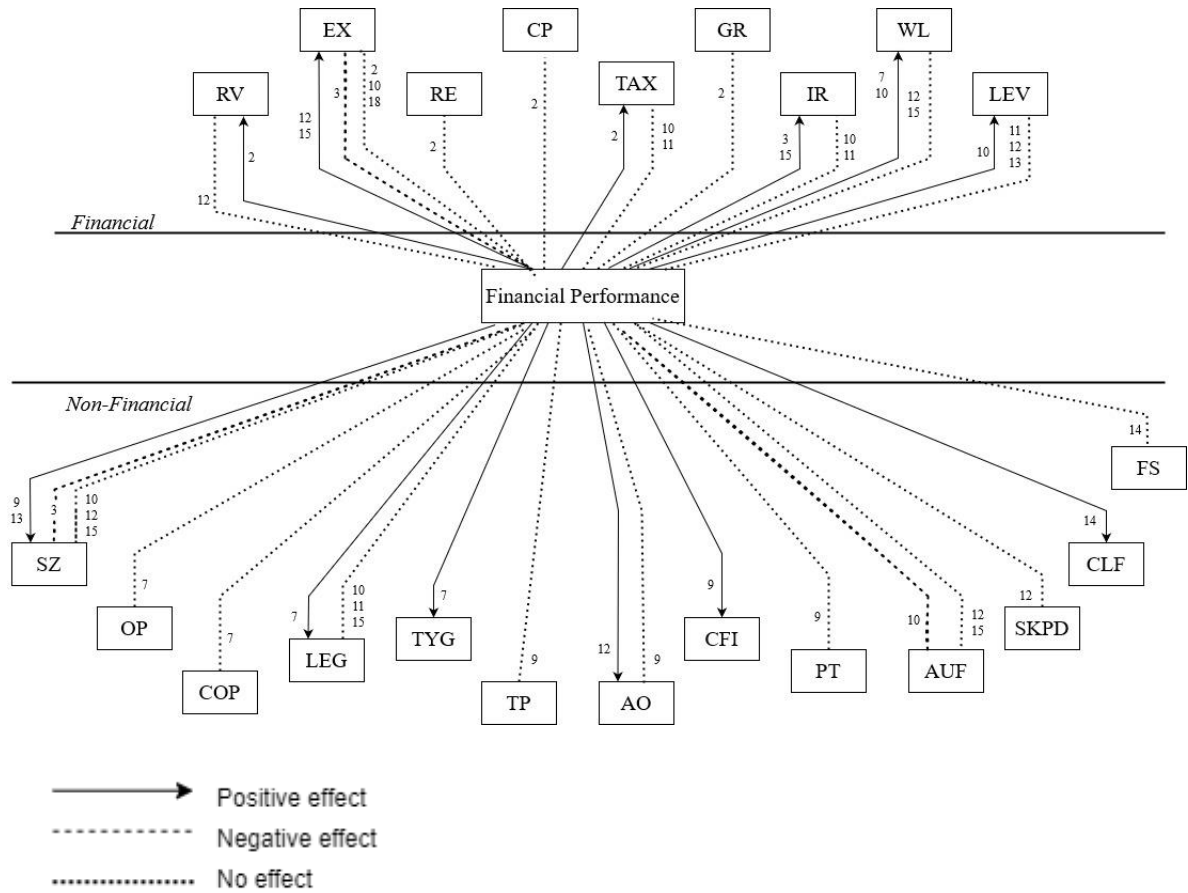
Revenue	: RE
Expenditure	: EX
Real Estate	: RE
Capital	: CP
Tax	: TAX
Grand	: GR
Intergovernmental Revenue	: IR
Wealth	: WL
Leverage	: LEV

Size	: SZ
Opposition Politics	: OP
Coalition Politics	: COP
Legislative	: LEG
Type of Government	: TYG
Transparency	: TP
Audit Opinion	: AO
Corruption Perception Index	: CFI
Participation	: PT
Audit Findings	: AUF
SKPD	: SKPD
Completeness of Lap. Finance	: CLF
Fiscal Stress	: FS

From the 18 articles on financial performance, we drew a cause-and-effect relationship chart based on the influencing factors. Based on these causal relationships, we developed a mapping of research in Indonesia on Local Government Financial performance which can be seen in Figure 5. Based on Figure 5, researchers divide the mapping into 2 groups based on the factors used in research on financial performance. From the mapping of financial factors, it can be seen that some variables provide inconsistent results in their influence on financial performance, namely positive, negative, and no influence. For example, the expenditure variable (EX) in numbers 12 and 15 has a positive effect, while in number 3 it has a negative effect, and in numbers 2, 10, and 15 it has no effect on financial performance. The revenue variable (RV) in number 2 has a positive effect but in number 12 it does not affect financial performance. Similar to the tax variable (TAX), intergovernmental revenue (IR), wealth (WL), and leverage (LEV) show inconsistent results, namely having a positive influence and having no influence on financial performance. Variables that provide consistent results are real estate (RE), capital (CP), and grand (GR) variables that do not show any influence on financial performance as seen in number 2.

Furthermore, the mapping of causal relationships on non-financial factors shows that several variables provide inconsistent results. The sizing variable (SZ) in numbers 9, and 13 has a positive effect, while number 3 has a negative effect, and numbers 10, 12, and 15 have no effect on financial performance. The legislative variable (LEG) in number 7 has a positive effect but in numbers 10, 11, and 15 it does not affect financial performance. The audit opinion variable (AO) also shows that number 12 has a positive impact but number 9 has no effect on financial performance. The audit finding variable (AUF) in number 10 has a negative impact but in number 12, 15 does not affect financial performance. Variables that provide consistent results are the political opposition (OP), and political coalition (COP) variables each in number 7, transparency (TP), and participation (PT) variables each in number 9, SKPD in number 12, and fiscal stress (FS) variables in number 14, it appears that these variables do not show any influence on performance. While the government type variable (TYG) is number 7, the corruption perception index variable (CFI) is number 9, and the financial report completeness variable (CLF) is number 14, each variable shows that these variables provide positive results on financial performance.

Judging from the mapping of causal relationships, it can be seen that there are studies that have inconsistent results. This is due to differences in research methods, including research design, sample population, data collection techniques, and statistical analysis. This can produce inconsistent results between one study and another. In addition, it can be caused by a lack of consistency in unrelated variables, which can produce inconsistent results between one study and another. Different research time, studies conducted at different times may reflect different conditions or events that affect local government financial performance.

The research findings on financial performance in the VUCA era have several practical implications relevant to local governments and other organizations. The following are some of the impacts of financial performance research in the VUCA Era :

a. Volatility. The impact of this volatility can make financial performance research more difficult as financial predictions and projections become more uncertain. Researchers need to use flexible and adaptive methods to deal with rapid changes.

b. Uncertainty. The impact of this uncertainty can make it difficult for researchers to identify the determinants of financial performance and make accurate predictions. Financial performance research should consider various scenarios and account for variations in predictions.

c. Complexity. The impact of complexity requires a more detailed and holistic analysis to understand the complex relationships between the factors. Researchers should use methods that take into account the diverse and interrelated aspects of financial performance research.

d. Ambiguity. The impact of ambiguity is that researchers need to be careful to collect complete and accurate data and consider different understandings and interpretations. Financial performance research should pay attention to reliable sources of information and methods necessary to understand the situation properly.

5. Conclusion, Implication, and Recommendation

From the development of research on local government financial performance in Indonesia in the VUCA era through conceptual reviews, the results of analysis and discussion are obtained from as many as 18 articles, of which 11 articles use quantitative research methods with the dominating variables being expenditure and size. While for research with qualitative methods, the dominating variable is the effectiveness ratio. In addition, financial factors dominate research on the financial performance of local governments in Indonesia. Many variables from financial factors and non-financial factors provide inconsistent results. The mapping relationship still needs to be studied further, namely revenue, expenditure, tax, intergovernmental revenue, wealth, and leverage in determining its effect on performance. Positive, negative, or no effect on financial performance. For non-financial factors that need to be studied further are size, legislature, audit opinion, and audit findings.

In this study only uses the scope of the financial performance of local governments (public sector), for further research it is hoped that it can increase the scope of research on the financial performance of companies, banks, and BUMN (public sector). This study only uses samples from Sinta 1 and 2 accredited national journals so the samples obtained are limited. This study only uses financial performance articles that have a causal relationship with financial performance as the dependent variable so the sample of articles is limited, for further research it is expected to explore more articles such as internationally accredited journals (Scopus,

Scient Direct, or Emerald) that use data in Indonesia. There is no discussion of the results and explanation of the financial performance ratios in qualitative research methods, so future research can explain in more detail the results of financial performance ratios in qualitative research methods.

In the Volatility Uncertainty Complexity and Ambiguity (VUCA) era, research on financial performance should focus on a deeper understanding of organizations, including local governments. Governments can successfully face the challenges faced in an uncertain, complex and changing environment. This local government financial performance research is expected to add knowledge in the development of literature in the field of public sector accounting and can be one of the references for further researchers and the academic community and is expected to provide valuable insights for organizations in facing a rapidly changing and uncertain environment in the VUCA era.

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