

# Revenue Diversification and Financial Independence in Higher Education through an Analysis of the Australian National University's Funding Structure

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## ABSTRACT

*A sustainable and diversified revenue structure is essential for higher education institutions to maintain financial stability amid changing funding environments. However, many universities, including the Australian National University (ANU), still face challenges related to dependence on government funding. This study aims to analyze the revenue structure of ANU during the 2022–2023 fiscal years and examine its shift toward financial diversification. This research employs a descriptive quantitative design using common size analysis to evaluate the proportion of each revenue component based on ANU's official financial reports. The data were analyzed to identify changes in revenue composition and trends across the two fiscal years. The findings indicate that although government funding remains the dominant source of revenue, its proportional contribution has declined, while non-government income particularly from other income sources has increased significantly. This shift reflects a gradual movement toward a more diversified revenue structure. The study contributes to the literature on higher education financial management by providing empirical evidence of revenue diversification in a world-class university context and offers practical insights for developing sustainable and balanced funding strategies.*

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## 1. Introduction.

The sustainability of higher education institutions has increasingly become a global concern, particularly in the context of financial uncertainty, reduced public funding, and intensified international competition (Johanna Abdullah Jaafar et al, 2021). Universities worldwide are required to adopt more adaptive and resilient financial strategies to maintain academic quality and institutional performance (M. Uşak et al, 2021). In this regard, revenue diversification has emerged as a critical approach to reducing

financial vulnerability and strengthening long-term sustainability (Betty Kathure Kimathi and A. Irungu, 2024).

Despite this global trend, many public universities still exhibit a high dependence on government funding, which exposes them to fiscal risks, especially during periods of economic instability or policy shifts (M. Usman and Asmak Ab Rahman, 2022; H. Aslami, 2021). The Australian National University (ANU), as a leading global research university, faces similar challenges in balancing its reliance on public funding with the need to develop alternative income sources (Peter Mathieson, 2021; Herisadel Flores, 2025). Understanding how ANU structures its revenue and responds to these challenges is essential for evaluating its financial resilience.

Previous studies have highlighted the importance of revenue diversification in enhancing financial sustainability. Universities that diversify their income streams tend to demonstrate greater flexibility and stability in managing financial resources (Jaafar et al., 2021; Kimathi & Irungu, 2024). In addition, diversification enables institutions to reduce dependence on a single funding source while optimizing alternative revenues such as consulting, industry collaboration, and investments (Maulida et al., 2024). From the perspective of financial independence, institutions with strong financial literacy and strategic investment capabilities are more likely to achieve sustainable autonomy (Nugroho & Winata, 2025). However, empirical findings also indicate that many universities, including those in Malaysia and Indonesia, still rely heavily on government funding despite efforts toward diversification (Nik Ahmad et al., 2019; Mutiara, 2022).

In analyzing the financial structure of universities, the theory of revenue diversification is used to explain how spreading income sources can reduce risk and enhance the financial resilience of an institution (D. Zilwa, 2005; Anggi Mayang Sari et al, 2025). Diversification is considered capable of strengthening the organization's economic stability by minimizing reliance on a single source of funding (Jaafar et al., 2021; Maulida et al., 2024). Meanwhile, the theory of financial independence emphasizes the importance of understanding and applying investment principles as well as sound financial literacy (Eszter Lukács et al, 2025). Research shows that individuals who have knowledge of investments and are willing to take calculated risks tend to be more capable of achieving financial independence (Nugroho & Winata, 2025; M. Garland, 2020).

Various previous studies have examined the implications of diversification strategies on the financial sustainability of higher education institutions (H. Mukhibad et al, 2025). A study in Kenya indicated that public universities implementing strong revenue diversification tend to have a more stable and flexible financial structure (Kimathi & Irungu, 2024). The study by Nik Ahmad, Siraj & Ismail (2019) found that "most public universities in Malaysia still heavily rely on government funding, but larger and more established universities have slightly more diversified revenue structures," suggesting that diversification tends to occur in institutions with more adequate resources. Research in Indonesia reveals that the financial independence of universities can be enhanced through the diversification of revenue sources, and higher education institutions with a more mature institutional age tend to have a higher likelihood of achieving financial independence (Mutiara, 2022; Xolani Minenhle Ngcobo et al, 2024). Additionally, Raharjo et al. (Raharjo et al., 2024) emphasize the importance of exploring non-academic income to strengthen the financial structure of schools and universities, including from the consulting sector, industry partnerships, and investments (Mustajib; Masrokan & Sujianto, 2023; T. Trinh et al, 2025).

Nevertheless, there are limitations in previous research that rarely highlight the dynamics of revenue structures over time, specifically for world-class universities like ANU. Comprehensive analyses of the proportion of each revenue source, year to year changes, and the identification of strategic directions towards financial independence have not been extensively conducted (Resanti Lestari et al, 2026; Hou Yuyan et al, 2025). The results of this study are expected to provide a deeper empirical understanding of the diversification efforts undertaken by ANU to achieve financial independence. This research is anticipated to offer insights to other higher education institutions in designing sustainable financial strategies. As part of this objective, this journal specifically examines the revenue components in ANU's financial statements. The financial report of Australian National University is published directly and can be accessed by anyone through the university's official website. This report can serve as a

reference for universities, especially in Indonesia, in managing finances in a transparent and accountable manner (Leo S. F. Lin et al, 2025; Sonia Oktaviani et al, 2025). However, to read the financial report data, comparative analysis is necessary. In this case, the researcher used common size analysis to examine the revenue structure of Australian National University for the 2022-2023 fiscal year, where the revenue in the latest financial report is compared with the previous year.

Revenue structure is a key pillar in building the sustainability of higher education institutions, particularly for internationally ranked universities such as the Australian National University (ANU). Dependence on government funding poses a significant challenge that ANU must face, especially when fiscal policy dynamics are volatile (Lee Parker et al, 2021; J. Guthrie et al 2021). As a globally competitive higher education institution, ANU is required to establish a strong and diverse financial structure to maintain optimal academic and operational performance. An analysis of ANU's revenue reports for the fiscal years 2022 and 2023 provides a concrete picture of the extent to which the university has progressed toward financial independence.

In examining this matter, the theory of revenue diversification becomes a relevant framework. Diversification is an important strategy in reducing financial risk due to reliance on a single main funding source (H. Irvine and C. Ryan, 2019). Revenue diversification significantly enhances financial stability, reduces dependence on government funding, and supports institutional development (Anyachebelu & Mirian, 2024). Research by Jaafar et al. (Jaafar et al., 2021) shows that universities that consistently implement diversification strategies tend to have more stable and flexible financial structures. This aligns with Maulida et al. (Maulida et al., 2024), who emphasize the importance of utilizing institutional assets to develop various non-academic revenue sources. This concept guides universities not only to focus on tuition fees and research grants but also on consulting, industry collaboration, and investment sectors.

Nevertheless, existing studies tend to focus on general relationships between diversification and financial sustainability, with limited attention to the detailed dynamics of revenue structure over time, particularly in world-class universities (Jianqing Mao et al, 2024). Moreover, few studies employ a proportional financial analysis approach to capture year-to-year shifts in revenue composition (Alpa Dhanani and Richard M. Baylis, 2023). This indicates a clear research gap in understanding how leading universities strategically adjust their revenue structures in response to changing financial environments (Janne Holmén, 2024).

This study offers novelty by providing an empirical analysis of revenue structure dynamics using a common size approach, which allows for a more precise comparison of proportional changes across fiscal periods. Unlike prior research, this study focuses specifically on a globally recognized university and examines short-term structural changes to identify early signals of financial transformation toward diversification and independence (James Webb, 2015; ChiaKo Hung and M. Hager, 2018).

Based on this background, the objective of this study is to analyze the revenue structure of the Australian National University during the 2022–2023 fiscal years, identify changes in the composition of revenue sources, and evaluate the extent to which the institution is moving toward financial diversification and independence (Oana Chirica and B. Puşcaş, 2018; O. Biliavska, 2020).

The findings of this study are expected to contribute theoretically to the discourse on higher education financial management by enriching empirical evidence on revenue diversification strategies. Practically, this research provides insights for university leaders and policymakers, particularly in developing countries, in designing more sustainable, transparent, and adaptive financial strategies (R. Hickey, 2023; N. Ahmad et al, 2019).

## 2. Research Method

This study employed a quantitative descriptive research design to systematically examine the revenue structure of the Australian National University (ANU). T. De Pilli et al (2024) The design was selected to provide an objective and proportion-based analysis of financial data, enabling the identification of patterns and structural changes in revenue composition across fiscal periods (Dipak Mahat et al, 2024).

Mahesh Yoro (2024) The research was conducted using secondary data obtained from the official financial reports of ANU for the 2022 and 2023 fiscal years, which are publicly accessible through the university's official website. The study was carried out during the period of data collection and analysis from January to March 2025, focusing on retrospective financial evaluation (Feng Chi et al, 2024).

The population and unit of analysis in this study consist of all revenue components reported in ANU's annual financial statements. Given the nature of the study, a total sampling technique was applied, in which all categories of revenue such as government funding, tuition fees, consulting income, and other revenues were included in the analysis without sampling exclusion.

The primary research instrument was a structured data extraction sheet designed to systematically record financial figures from the official reports (R. Büchter et al, 2020). Microsoft Excel was utilized as an analytical tool to organize, calculate, and transform raw financial data into proportional values, facilitating accurate comparison and interpretation (Jiseung Yoo et al, 2025).

Data collection was conducted through a documentary technique, involving systematic identification, verification, and extraction of relevant financial data from ANU's published annual reports. The collected data were then categorized based on revenue types and prepared for further quantitative analysis.

The data analysis technique employed in this study was common size analysis, in which each revenue component was expressed as a percentage of total revenue. This approach allows for meaningful comparison across different fiscal years regardless of nominal differences. The analysis focused on identifying proportional changes, growth trends, and shifts in the contribution of each revenue source between 2022 and 2023.

To ensure the validity and reliability of the data, this study relied on audited financial reports published by ANU, which are considered highly credible and standardized. Data consistency was further ensured through cross-checking procedures and repeated calculations to minimize potential errors in data processing.

Since this study is based on quantitative secondary data, aspects of trustworthiness such as credibility and dependability were addressed through the use of authoritative data sources, transparent analytical procedures, and systematic documentation of the data processing steps. This approach ensures that the findings are replicable and analytically robust.

### 3. Research Results

This section presents the results of the analysis of the revenue structure of the Australian National University (ANU) based on the official financial reports for the fiscal years 2022 and 2023. The analysis was conducted using common size analysis to determine the proportion of each revenue source to the university's total income as well as changes between periods.

#### 3.1 Revenue Structure of the Australian National University in 2022

The total revenue of the Australian National University in the fiscal year 2022 was recorded at AUD 1,250,859,000. The composition of the university's revenue this year consists of five main sources as presented in Table 1.

Table 1. ANU Revenue Structure in 2022

| No | Sources of Income                          | Value (AUD)          | Percentage (%) |
|----|--|----------------------|----------------|
| 1  | Australian Government Financial Assistance | 698.668.000          | 55,86          |
| 2  | Local Government Assistance (Territory)    | 7.170.000            | 0,57           |
| 3  | Tuition and Student Services Fees          | 287.178.000          | 22,96          |
| 4  | Consulting and Contract Fees               | 146.203.000          | 11,69          |
| 5  | Other Income                               | 118.810.000          | 9,50           |
|    | <b>Total Revenue</b>                       | <b>1.250.859.000</b> | <b>100,00</b>  |

Table 1 presents the overall revenue composition data of the Australian National University (ANU) in 2022. The total revenue recorded for that year reached AUD 1,250,859,000, or approximately IDR 13,461,869,643,900. The largest contribution came from the Australian Government Financial Assistance, amounting to AUD 698,668,000 (IDR 7,519,134,882,800), or 55.86% of the total revenue. This indicates the significant role of the central government in supporting the operational continuity and development of higher education institutions.

Revenue from Tuition Fees and Student Services ranks second with an amount of AUD 287,178,000 (IDR 3,090,638,353,800) or 22.96%. This figure reflects the significant contribution of students through payments for tuition and services provided by the university, as well as indicating the institution's orientation towards financial sustainability through non-governmental components. The next source of revenue comes from Consulting Fees and Contracts, amounting to AUD 146,203,000 (IDR 1,573,451,306,300) or 11.69%.

As for Other Revenue, it amounted to AUD 118,810,000 (1,278,645,101,000 IDR) or 9.50%. Lastly, the lowest contribution came from Aid from Local Government (Territory), contributing only AUD 7,170,000 (77,164,257,000 IDR) or proportionally recorded as 0.00%, indicating a very small role of local government entities in financing the institution.

### 3.2 Revenue Structure of Australian National University in 2023

In the fiscal year 2023, the total revenue of the Australian National University increased to AUD 1,444,013,000. The distribution of ANU's revenue for this year is shown in Table 2.

Table 2. ANU Revenue Structure in 2023

| No | Sources of Income                          | Value (AUD)          | Percentage (%) |
|----|--|----------------------|----------------|
| 1  | Australian Government Financial Assistance | 735.055.000          | 50,90          |
| 2  | Local Government Assistance (Territory)    | 5.740.000            | 0,40           |
| 3  | Tuition and Student Services Fees          | 329.550.000          | 22,82          |
| 4  | Consulting and Contract Fees               | 162.365.000          | 11,24          |
| 5  | Other Income                               | 211.303.000          | 14,63          |
|    | <b>Total Revenue</b>                       | <b>1.444.013.000</b> | <b>100,00</b>  |

Table 2 shows that financial assistance from the Australian Government remains the largest source of revenue, although its proportion has decreased compared to the previous year. The most significant increase in proportion occurred in the Other Income category, which reached 14.63% of total revenue.

### 3.3 Comparison of ANU Revenue Structure for 2022–2023

The comparison of ANU's revenue structure across periods is presented in Table 3 to observe the nominal and proportional changes of each revenue source.

Table 3. Comparison of ANU Revenue Structure for 2022–2023

| No | Sources of Income                | 2022 (%)      | 2023 (%)      | Differences (%) | Nominal Change (AUD) |
|----|----------------------------------|---------------|---------------|-----------------|----------------------|
| 1  | Australian Government Assistance | 55,86         | 50,90         | -4,96           | +36.387.000          |
| 2  | Local Government Assistance      | 0,57          | 0,40          | -0,17           | -1.430.000           |
| 3  | Tuition & Student Services       | 22,96         | 22,82         | -0,14           | +42.372.000          |
| 4  | Consulting & Contract Fees       | 11,69         | 11,24         | -0,45           | +16.162.000          |
| 5  | Other Income                     | 9,50          | 14,63         | +5,13           | +92.493.000          |
|    | <b>Total Revenue</b>             | <b>100,00</b> | <b>100,00</b> | <b>—</b>        | <b>+185.984.000</b>  |

Table 3 presents the detailed composition of Australian National University (ANU) income for the years 2023 and 2022, along with the differences and percentage contributions of each income source to total revenue. Overall, there was a significant increase in ANU's total revenue, amounting to 15.64% or AUD 185,984,000 (IDR 2,001,578,406,400), from AUD 1,250,859,000 in 2022 to AUD 1,444,013,000 in 2023.

Quantitatively, the research results show that: ANU's revenue structure is still dominated by government funding, although with a decreasing proportional trend. Non-government revenue has increased both nominally and proportionally. The largest growth comes from the category of other income. The university's total revenue has experienced a significant increase over two consecutive fiscal years.

#### 4. Discussion.

Research findings indicate that the revenue structure of the Australian National University (ANU) during the 2022–2023 period is still dominated by central government funding, though with a tendency for proportional decline. These findings confirm the common characteristics of world-class public research universities, which have historically relied on state subsidies but are beginning to adopt more diversified funding strategies to ensure long-term financial sustainability.

##### 4.1 Government Dependence and Institutional Fiscal Risk

This study reveals that although the Australian Government remains the primary source of revenue for ANU, its proportional contribution declined from 55.86% in 2022 to 50.90% in 2023, indicating a gradual structural shift. This result suggests that ANU is beginning to reduce its fiscal dependence while still maintaining strong state support. From an interpretative perspective, this pattern reflects a transitional phase in which government funding continues to function as a financial backbone, yet no longer dominates growth dynamics. This aligns with prior studies asserting that excessive reliance on a single funding source limits institutional financial flexibility and increases vulnerability to external shocks (Jaafar et al., 2021; Usman & Rahman, 2022). However, unlike findings in Malaysia and Indonesia where dependence remains persistently high (Nik Ahmad et al., 2019; Mutiara, 2022), ANU demonstrates a more progressive shift, indicating stronger institutional capacity to diversify revenue streams.

From a theoretical standpoint, this finding supports revenue diversification theory, which posits that reducing concentration on a single income source enhances financial resilience and risk distribution (Zilwa, 2005; Irvine & Ryan, 2019). At the same time, it refines the theory by showing that diversification does not necessarily require a reduction in nominal government funding, but rather a decrease in its proportional dominance. This condition occurs because non-government revenues grow at a faster rate, particularly from alternative income sources. The observed trend can be explained by ANU's strategic response to an increasingly uncertain global funding environment, where universities are encouraged to adopt hybrid financing models to mitigate risks associated with policy changes, fiscal tightening, and economic instability (Guthrie et al., 2021; Parker et al., 2021).

Theoretically, this study contributes by providing empirical evidence that fiscal risk in higher education is not solely determined by the presence of government funding, but by its relative weight within the overall revenue structure. This shifts the analytical focus from absolute dependency to proportional dependency, offering a more nuanced understanding of institutional financial risk. Practically, the findings imply that university leaders should not merely aim to reduce government funding, but strategically expand alternative income sources to rebalance revenue composition. For policymakers and higher education managers, this indicates that strengthening institutional autonomy can be achieved through calibrated diversification strategies without undermining the stabilizing role of public funding.

##### 4.2 Revenue Diversification as a Financial Resilience Strategy

The results of this study indicate a significant increase in the proportion of “other income” from 9.50% in 2022 to 14.63% in 2023, making it the fastest-growing component in ANU's revenue structure. This finding can be interpreted as a clear signal that ANU is actively strengthening its revenue diversification strategy as a response to financial sustainability challenges. The growth of non-government income, particularly from flexible and potentially market-oriented sources, reflects the university's strategic effort to reduce revenue concentration and enhance financial adaptability. This pattern is consistent with prior studies which emphasize that diversified income structures contribute to greater financial resilience and institutional stability (Jaafar et al., 2021; Kimathi & Irungu, 2024). Compared to universities in developing countries, where diversification efforts are often constrained and slower (Mutiara, 2022; Ngcobo et al., 2024), ANU demonstrates a more dynamic and measurable shift within a relatively short period.

From a theoretical perspective, these findings reinforce the core premise of revenue diversification theory, which argues that spreading income sources reduces financial volatility and dependence risk (Zilwa, 2005; Hung & Hager, 2018). However, this study also extends the theory by

showing that diversification is not merely about increasing the number of income sources, but about strategically optimizing high-growth and flexible revenue categories. The significant rise in “other income” suggests that ANU is leveraging institutional assets, research outputs, and external partnerships as alternative economic drivers. This aligns with the argument that universities must transform their academic capital into financial capital through innovation, collaboration, and entrepreneurial activities (Maulida et al., 2024; Trinh et al., 2025).

The occurrence of this trend can be explained by several contextual factors. First, increasing global competition and uncertainty in public funding encourage universities to adopt more proactive financial strategies (Guthrie et al., 2021). Second, ANU’s status as a world-class university provides it with strong reputational capital, enabling access to diverse revenue streams such as research commercialization, consultancy, and partnerships. Third, institutional governance and financial management capacity play a crucial role in identifying and developing alternative income opportunities in a sustainable manner (Hickey, 2023; Mukhibad et al., 2025). These factors collectively explain why diversification at ANU is not only visible but also structurally impactful.

Theoretically, this study contributes by providing empirical evidence that revenue diversification operates as a dynamic and strategic process rather than a static financial outcome. It highlights that proportional shifts in revenue composition can serve as early indicators of institutional transformation toward resilience. Practically, the findings suggest that higher education institutions should prioritize the development of scalable and sustainable non-academic revenue sources while maintaining alignment with their core academic mission. For university leaders and policymakers, this implies the need to strengthen governance frameworks, encourage innovation-driven income generation, and build long-term partnerships to ensure financial sustainability without over-reliance on any single funding source.

### 4.3 Stability of Academic Revenue and the Role of Students

The findings show that the proportion of revenue derived from tuition fees and student services remains relatively stable, slightly decreasing from 22.96% in 2022 to 22.82% in 2023. This stability indicates that academic revenue continues to function as a consistent and reliable component of ANU’s financial structure, despite the expansion of other income sources. From an interpretative standpoint, this suggests that student-based revenue maintains its role as a financial anchor that supports institutional continuity while diversification occurs in parallel. This result aligns with previous studies emphasizing that tuition-related income tends to be more predictable and less volatile compared to other revenue streams, thereby contributing to financial stability (Jaafar et al., 2021; Garland, 2020). However, unlike findings in some developing country contexts where tuition fees are often aggressively increased to compensate for limited funding (Mutiar, 2022), ANU demonstrates a more balanced approach, maintaining proportional stability without over-reliance on students as the primary financial source.

From a theoretical perspective, these findings support the principles of educational economics, where student demand reflects institutional reputation, quality, and market competitiveness. Stable tuition revenue indicates sustained demand and trust in the institution’s academic services. At the same time, this study refines the theoretical view by showing that in a diversified revenue model, academic income does not necessarily need to grow proportionally to remain significant. Instead, its stability becomes a strategic advantage, providing a secure financial base while other, more flexible income streams expand. This complements revenue diversification theory, which emphasizes balance rather than substitution among revenue sources (Zilwa, 2005; Jaafar et al., 2021).

The stability observed in ANU’s academic revenue can be explained by several factors. First, as a globally recognized university, ANU benefits from strong and consistent student demand, both domestically and internationally. Second, regulatory frameworks and policy considerations regarding tuition fees limit drastic fluctuations, ensuring affordability and accessibility. Third, institutional commitments to equity and inclusivity prevent excessive dependence on student contributions as a revenue-maximizing strategy. These conditions collectively create a stable yet constrained growth pattern in academic income, reinforcing its role as a dependable but not dominant revenue source (Hickey, 2023; Ngcobo et al., 2024).

Theoretically, this study contributes by highlighting the role of academic revenue stability as a critical component within a diversified financial ecosystem, rather than viewing it solely as a primary income driver. It demonstrates that stability itself is a form of financial strength that supports institutional

resilience. Practically, the findings imply that universities should maintain a balanced tuition policy that preserves accessibility and institutional reputation while simultaneously expanding alternative revenue streams. For policymakers and university leaders, this suggests that long-term financial sustainability can be achieved not by increasing student financial burden, but by integrating stable academic income with innovative and diversified funding strategies.

#### 4.4 Financial Independence from an Institutional Perspective

The shift in ANU's revenue structure towards a more diverse composition indicates a move towards institutional financial independence. Financial independence is not understood as the elimination of the state's role, but rather as the university's ability to sustain its operations and strategic development without absolute reliance on a single source of funding. This study indicates that ANU is entering a transitional phase toward greater financial independence, as reflected in the declining proportional reliance on government funding alongside the increasing contribution of non-government revenue sources. This shift does not imply a reduction in the absolute role of public funding, but rather a rebalancing of the revenue structure to achieve a more sustainable and flexible financial model. From an interpretative perspective, financial independence in this context is understood as the institution's capacity to maintain operational stability and strategic development without excessive dependence on a single funding source.

This finding is consistent with previous research suggesting that financial independence in higher education is closely associated with the ability to diversify income streams and manage financial risks effectively (Nugroho & Winata, 2025; Lukács et al., 2025). Compared to universities in developing countries, where financial independence is often constrained by limited alternative revenue capacity (Mutiarra, 2022; Ngcobo et al., 2024), ANU demonstrates a more advanced stage of financial transition supported by institutional maturity and global competitiveness.

From a theoretical standpoint, these findings reinforce the theory of financial independence, which emphasizes the importance of financial literacy, strategic investment, and risk-taking capacity in achieving sustainable autonomy (Nugroho & Winata, 2025; Garland, 2020). However, this study also extends the theoretical framework by illustrating that financial independence in higher education institutions is not characterized by the absence of government support, but by the proportional balance between public and self-generated funds. This perspective challenges the conventional dichotomy between dependence and independence, positioning financial independence as a continuum rather than a binary condition. In this sense, ANU's experience supports the notion that hybrid funding models can enhance resilience while preserving the stabilizing function of state support (Hickey, 2023; Guthrie et al., 2021).

The emergence of this financial transition can be explained by several interrelated factors. First, the increasing uncertainty in public funding environments encourages universities to proactively develop alternative revenue streams (Parker et al., 2021). Second, ANU's strong institutional capacity, including its research excellence and global reputation, enables it to attract diverse funding sources such as partnerships, grants, and commercial activities. Third, effective governance and strategic financial management play a critical role in ensuring that diversification efforts are aligned with long-term institutional goals (Mukhibad et al., 2025; Trinh et al., 2025). These factors collectively contribute to the university's ability to gradually reduce dependency while strengthening its financial autonomy.

Theoretically, this study contributes by redefining financial independence in higher education as a dynamic and proportional construct, rather than an absolute condition of self-sufficiency. It highlights that the pathway to independence involves strategic balancing and continuous adaptation to external financial pressures. Practically, the findings suggest that university leaders and policymakers should focus on building institutional capacity for revenue generation, enhancing financial governance, and fostering innovation in funding strategies. This implies that achieving financial independence requires not only diversification efforts but also the development of managerial competencies and long-term financial planning frameworks that ensure sustainability without compromising academic integrity.

#### 4.5 Research Contributions

This study provides several important contributions to the literature on higher education financial management. First, from a theoretical perspective, it enriches the discourse on revenue diversification by offering empirical evidence that diversification is not a static outcome but a dynamic and proportional process reflected in year-to-year structural changes. By employing a common size analysis approach, this study demonstrates that financial resilience is better understood through shifts in the relative composition of revenue rather than absolute financial growth alone. This finding extends prior studies that primarily focus on the general relationship between diversification and financial sustainability (Jaafar et al., 2021; Kimathi & Irungu, 2024), by highlighting how proportional changes can serve as early indicators of institutional financial transformation.

Second, this study contributes to the development of financial independence theory in the context of higher education institutions. The findings show that financial independence should not be interpreted as the absence of government funding, but rather as the institution's ability to balance public and self-generated revenues strategically. This refines existing perspectives which often frame independence as a reduction in state involvement (Nugroho & Winata, 2025; Lukács et al., 2025). Instead, the study introduces a more nuanced understanding of "proportional independence," where resilience is achieved through diversification while maintaining the stabilizing role of public funding. This perspective is particularly relevant in the context of modern public universities operating in hybrid funding environments (Hickey, 2023; Guthrie et al., 2021).

Third, from a methodological standpoint, this study confirms the effectiveness of common size analysis as a practical and insightful tool for examining financial structures in higher education. Unlike traditional nominal analysis, this approach allows for more meaningful comparisons across periods and provides a clearer picture of structural shifts in revenue composition. This contributes to the limited body of research that applies proportional financial analysis in the context of university funding (Dhanani & Baylis, 2023; Oktaviani et al., 2025).

Practically, this study offers strategic implications for university leaders and policymakers, particularly in developing countries. The findings suggest that achieving financial sustainability requires a balanced approach that integrates stable academic income, gradual reduction of government dependence, and proactive development of alternative revenue sources. Universities are encouraged to strengthen governance, enhance financial management capacity, and leverage institutional assets to support diversification efforts (Maulida et al., 2024; Mukhibad et al., 2025). Ultimately, this study provides a replicable analytical framework and empirical reference for designing adaptive, transparent, and sustainable financial strategies in higher education institutions.

#### 5. Conclusion

This study concludes that the Australian National University (ANU) has begun to shift its revenue structure toward a more diversified and balanced model during the 2022–2023 period. Although government funding remains the dominant source, its declining proportion, combined with the significant increase in non-government revenue particularly from other income sources indicates a gradual transition toward reduced dependency and improved financial resilience. At the same time, the stability of academic revenue demonstrates its continued role as a reliable financial foundation within a broader diversification strategy.

The main contribution of this study lies in providing empirical evidence that financial sustainability in higher education is achieved not merely through increasing total revenue, but through strategic rebalancing of revenue composition. This study also introduces the concept of proportional financial independence, where institutions strengthen resilience by diversifying income sources while maintaining the stabilizing role of public funding. Methodologically, the use of common size analysis offers a practical approach to capturing structural changes in university finance over time.

Practically, this study recommends that higher education institutions adopt a balanced financial strategy by strengthening alternative revenue streams, enhancing governance capacity, and maintaining affordability in academic services. Future research is suggested to expand the scope by incorporating expenditure analysis, longer observation periods, and examining the relationship between revenue structure and institutional performance to provide a more comprehensive understanding of financial sustainability in higher education.

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