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Public Universities’ COVID-19 Risk Disclosures: An Australian Episode

Abstract.

Purpose: This study examines the COVID-19 pandemic risk disclosures of a sample of Australian public universities. As Australian universities rely upon fee-paying onshore overseas students, who contribute up to 45 per cent of total university income, analysing these risk disclosures is an essential response to the COVID-19 crisis.

Design/methodology/approach: Content analysis of the 2019 annual reports of universities in the State of Victoria identifies how COVID-19 risk impacts are disclosed. The authors adopt a Habermasian perspective and use an established risk classification.

Findings: Most of the Victorian universities communicated the risk associated with COVID-19 in a qualitative, neutral and boilerplate format. They appeared unaware of, or reluctant to discuss, the potential financial shocks that may stem from the crisis. This has placed the financial viability and quality of the academic enterprise of most of these universities in jeopardy.

Research implications: This examination of COVID-19 risk disclosures in annual reports highlights that little attention is given to potential crises such as COVID-19, and reveals the risk associated with the aggressive income growth strategy of the Australian higher education sector.

Practical implications: The COVID-19 risk disclosure practices of the sample universities highlights their inadequacy and provides valuable information for both government and university policy makers in planning the future of the sector.

Originality/value: Australian public universities play a crucial role in society. This study examines how this key role is undermined by a failure to disclose and manage risk, which has been revealed by COVID-19, the consequences of which may be calamitous.

Keywords: accounting, Australia, commercialisation, COVID-19, risk disclosures, annual reports, Victoria public universities.

Paper type: Research paper.
Public Universities’ COVID-19 Risk Disclosures: An Australian Episode

1. Introduction
Since the World Health Organization (WHO) declared COVID-19 a global pandemic on 11 March 2020, the crisis has been the cause of ongoing economic, social, and political disruption. Borders have been closed, and universities have ceased face-to-face learning and teaching. The COVID-19 crisis has posed a particular risk to Australian universities, which rely heavily on income from fee-paying international students. How a sample of Australian universities has disclosed the potential impacts of COVID-19 pandemic risk is the subject of this paper.

According to the World Economic Forum’s *Global Risks Report 2020* (WEF, 2020), nine of the top-10 most likely global risks are non-financial, typically taking the form of environmental, health, geopolitical, societal, and technological risks. Regardless, all of these top-10 risks will have financial impacts at national and organisational levels (WEF, 2020). This has been the case with the COVID-19 pandemic to date, which predominately presents as a significant health risk, but the consequences of which are indisputably financial.

This financial impact is being felt deeply in the higher education sector around the world. Countries where English is the national language, including Australia, Canada, England, New Zealand, Scotland, and the US have relied heavily on inbound fee-paying international students in recent years. Many of these students come from China, which itself has been impacted by the pandemic. The Australian higher education sector (AHES) has been an active recruiter of international students over at least the past decade but, in the aftermath of the virus, income streams from China-originating onshore students are at risk (Hewett, 2020). It will be impossible for almost all Australian public universities to avoid operational and financial impacts.

Our investigation concentrates on public universities in the State of Victoria, Australia. We examine the 2019 annual reports, including audited financial statements, published by the eight public universities in that State,¹ focusing on their COVID-19 risk disclosures. We seek to answer two key research questions (RQ):

RQ1: What are the nature and quality of disclosures relating to COVID-19 in the 2019 annual reports?

RQ2. What are the features of these risk representations found in these annual reports?
Overall, we find the identification of COVID-19 risks, and their likely impact on universities expressed in a qualitative, neutral and boilerplate format. Not only did all the universities in the sample fail to recognise the critical link between global pandemics and a downturn in income from inbound international students in their 2019 annual reports, they also ignore risks generally, focusing on the short-term and incapable of ascertaining material estimates (not actuals) of the likely financial effects on the 2020 financial (calendar) year. The inadequacy of disclosure of these risks in the annual reports provides evidence of a lack of accountability and transparency concerning material risks in the local, time-specific context.

The remainder of this article is structured as follows. Section 2 provides pertinent background to the AHES and international students. Section 3 outlines the methodological approach adopted, and Section 4 presents the findings, providing details of the results by location and category of risk. Section 5 analysis the results from a Habermasian change perspective. The final section discusses the implications of the study and offers concluding comments.

2. Background to the AHES and the Role of International Students

The Australian Federal Government expects that public universities will raise income from non-government sources, limiting government funding to only about 40 per cent of total university income (Universities Australia, 2020b). However, social distancing and international travel restrictions brought about by the COVID-19 pandemic have brought profound disruption to universities. The most serious of these is the future loss of onshore overseas students, which will have a significant financial impact on universities. Universities Australia (2020a) modelling estimates that the university sector could lose up to $AU4.8 billion in 2020 and up to $16 billion to 2023. The effects of this on the AHES will be far-reaching, including a collapse in research capability, as this has been heavily cross-subsidised by international student fees (Universities Australia, 2020b).

Moreover, the Federal Government has shown little sympathy for the country’s public universities (Beeby, 2020). According to Carnegie et al. (2020), “arguably, that attitude has been reinforced by universities' self-transformed identities imagining commercialised corporates”. Given that most public universities are facing cash flow declines as the result of downturns in international student enrolments, particularly from China, many have announced plans to restructure, by means of both staff redundancy programs and reduced capital works (Martin-Sardesai et al., 2020). Several estimates suggest up to 60,000 people will have less work, with casual staff already particularly hard hit. Before COVID-19, up to 70 per cent of
staff in some universities were working casually, undertaking work roles in teaching, research
and administration (Smith and Guthrie, 2020).

Data from 2018 shows that international education was Australia's fourth-largest export in a
sector worth $35.8 billion to the Australian economy, with the AHES educating 399,000
international students at Australian universities and supporting more than 241,000 jobs in the
Australian economy (Universities Australia, 2020a). Larkins and Marshman (2020) report that
$6.2 billion (50.7%) of Australia’s R&D expenditure of $12.2 billion from university
discretionary funds (e.g., international students fees). The total operating revenues for all
Australian universities in 2018 were $33.7 billion, of which the government contributed $15.4
billion (46%) – less than half of the sector's total income. Income derived from fee-paying
onshore overseas students amounted to $8.84 billion or 57 per cent of the $15.4 billion. This
income is now at significant risk due to the COVID-19 pandemic and its ramifications (Hunter,

Numerous commentators have warned about the sector’s overreliance on international student
income and the 2018 government funding caps for domestic students (Evans et al., 2014; Sims,
2019; Babones, 2019; Robinson, 2019). At the time of writing in August 2020, with most public
universities announcing reduced working conditions, especially for academics, voluntary and
compulsory redundancies, and other significant savings measures, it is clear that these warnings
are coming to fruition.

3. Research Method

The primary research method for this study is a content analysis of the 2019 annual reports,
including the audited financial statements, of public universities in the State of Victoria,
Australia. We use content analysis to identify how COVID-19 risks were disclosed to external
stakeholders, adopting a risk classification framework already provided in the literature
(Guthrie et al., 2020). The latest financial year, ended on 31 December 2019, is used. The
Victorian Auditor-General (referred to as the Victorian Auditor-General’s Office or VAGO)
has oversight of disclosures in the process of auditing the financial statements only; there is no
independent assurance of management discussions and non-financial disclosures, which make
up the most substantial part of a university's annual report.

Content analysis has a long history in both financial and non-financial accounting studies
(Guthrie et al., 2004). The content analysis method is “… a research technique for making
replicable and valid inferences from texts (or other meaningful matter) to the contexts of their
use“ (Krippendorff, 2004, p. 18). While alternative methods of text analysis, such as discourse analysis, rhetorical analysis, and narrative analysis exist, the content analysis continues to be a dominant approach in accounting disclosure research. Guthrie et al. (2004, p. 288) highlight that “those conducting CA [content analysis] need to demonstrate the reliability of their instruments and the reliability of the data collected using those instruments to permit replicable and valid inferences to be drawn from data derived from the content analysis”. Likewise, researchers need to explain, reflect upon, and justify the choices made in 'making' the data for readers to assess the merit of the conclusions drawn from that data.

We also adopt a case study approach, applying a Habermasian change diagnosis lens. In content analysis research, judgements mainly fall into four categories: type, magnitude, frequency, and quality. Type is a category to which a text unit belongs. Magnitude is the prominence of the category within a text unit. Frequency is how often a category occurs. Quality can be measured by many attributes, for example, tone, quantification, and time-orientation (Abhayawansa et al., forthcoming).

The content analysis undertaken used the PDFs of the 2019 annual reports using the word search function of various key terms of words, mainly the following, applied across all institutions in the research group. They included COVID-19; “Novel Coronavirus”; “virus”; “pandemic”; “international students”; “students”; “international education”; “financial risk”; “management risk”; “risk”; and “events occurring after reporting date/ balance date”. A file was created for each university containing the extracted data, relevant page references, and the date tabled in Parliament.

According to VAGO, as “the COVID-19 emergency was a post balance date event, it did not cause any amounts reported at 31 December 2019 to be adjusted” (VAGO, 2020, p. 25). Therefore, for the VAGO, the virus was a non-adjusting event. This meant that the 2019 annual financial statements did not require to be adjusted or redone.

The IASB practice statement suggests that management commentary should include a description of “the Entity's principal risk exposures and changes in those risks, together with its plans and strategies for bearing or mitigating those risks, as well as disclosure of the effectiveness of its risk management strategies” (IASB, 2010, p. 13). The IASB (2010) also states the following: “Management should disclose its principal strategic, commercial, operational and financial risks …”.
We used a two-step process to analyse the data. The first step was to identify the location and forms of the disclosure. Typically, these annual reports are long; for instance, The University of Melbourne 2019 Annual Report was 196 pages. The location of the data indicates the importance of the message. We identified the following locations:

- Chancellor's Statement (CS)
- Vice-Chancellor's Statement (VCS)
- The message of Chancellor and Vice-Chancellor (MCVC)
- Other Sections (OS)
- Events Occurring (EO) after reporting period impacting 2020 and beyond and Total Notes in the Financials (TNF)
- Estimated Financial Impacts (EFI), and
- Not applicable (NA)

The second step was to analyse the characteristics and categories of COVID-19 risk disclosure. After performing an inter-rater consistency test, two people were charged with coding to ensure reliability (Guthrie et al., 2004). A coding tool operationalises concepts of risk representations, and the prospect of hazard, danger, harm, the threat of exposure, now or in in the future. As our first research question indicates, our focus was on the nature and quality of disclosures relating to COVID-19 risk and international students’ fees.

The descriptions of risks were derived from Guthrie et al. (2020). These include financial risks, which relate to financial transactions, investments, and potential financial losses. Non-financial risks comprise operational risks, empowerment risks, information processing and technology risks, integrity risks and strategic risks. Operational risks cover changes in value caused by actual losses, as opposed to expected losses, resulting from inadequate or failed internal processes, people and systems or external events. These include risks related to fraud, security, privacy protection, legal and physical risks. Operational risks also embed “bigger risks” related to environmental, social and sustainability issues. Strategic risks arise from pursuing an unsuccessful business plan, making poor business decisions, or poorly executing those decisions, inadequate resource allocation or a failure to respond to changes in the business environment.

Applying these three categories – one financial and two non-financial – the characteristics of risk disclosure were also analysed following the approach used by Guthrie et al. (2020). This
approach identifies three characteristics of risk disclosure: (1) metrics (monetary or non-monetary); (2) outlook (past, present and future), and (3) tone (good, neutral or bad). Each paragraph containing a risk disclosure was coded according to the three categories and its three characteristics. The study also adopted a Habermasian perspective, which is outlined in the following section.

4. Habermasian Change Diagnosis

This study uses Laughlin’s Habermasian insights into change diagnosis within organisations (Laughlin, 1991; Broadbent and Laughlin, 2013). The framework was previously applied by Parker (2020) in his study on the “broken” business model of Australian universities in a pandemic world (e.g. during the COVID-19 infection period). Under the Habermasian change perspective applied, in contexts of organisational change processes, an organisation's responses to environmental change are intended to bring about a new equilibrium. Specifically, there are two major pathways of first and second-order change. First-order change is known as “morphostatic” change while second-order change “morphogenetic”.

According to this perspective, both types of change reveal different routes to the three dimensions of an organisation, specifically through its interpretive schemes (or lifeworld), its design archetypes (or steering media), and its subsystems (or systems). Interpretive schemes in universities include their missions and core values and world views of their place or positioning and role. Their design archetypes have an organisational structure, decision-making protocols and procedures, and an array of main communication channels to ensure that the systems are compliant with universities' interpretive schemes. Finally, the subsystems or systems are made up of physical resources, which are not necessary “assets” in accounting terms, such as land and buildings and other infrastructure, technologies and equipment, executive, academic and professional staff, and finances, including accounting control systems.

The morphostatic (first-order) change arises when organisations that are impacted move to adapt to change by either rebutting the external shock or they set out to reorient to a degree. The morphogenetic (second-order) change involves a more fundamental change when organisations aspire to reorient their interpretive schemes. In instances of the latter, the external shock is taken more seriously by the leaders of the hierarchy, such as executive teams and governing councils of the organisations impacted. Under this form of change, the significant responses of organisations to external shock can result in the adoption of evolutionary changes in key values and related high-level thinking in terms of strategic positioning. Alternatively,
the external shock may bring about a reconfiguration of the design archetypes of an organisation, such as significant staffing changes or new models of teaching, potentially involving the latest available technologies, and mindset changes on campuses deployed in terms of their location, number and public accessibility.

5. Findings

The first step of the data collection process involved identifying where information on COVID-19 appeared in the 2019 annual reports and the nature of such disclosure. Table 1 summarises the location of the disclosures made.

Table 1 to insert here

All eight universities provided disclosure of COVID-19 in Events Occurring (EO). The notes issued by all eight universities were similar and are standardised. The following by Victoria University, which matched in substance at least in nearly all the annual reports:

Since the reporting period ending 31 December 2019, the Coronavirus (COVID-19) outbreak in Wuhan (China) has developed, causing worldwide uncertainties resulting in travel restrictions, and creating major volatility on equity markets. Whilst the University has developed a digital platform to allow students to undertake studies online, the various impacts of COVID-19 may make it more difficult for international students to complete one or more semesters. This could lead to significant reductions in student revenue, possibility of refund of enrolment fees, investments could be adversely impacted due to global market volatility, possible global recession and international debtors impacted and their ability to repay outstanding debt.

Given the extent of usage of this wording, we have labelled this form of disclosure as boiler plate in nature. In this standardised paragraph, there are no financial estimations of the anticipated or expected impacts.

The following sentences complemented the Monash University’s disclosure in the note on EO in the Vice-Chancellor’s Statement about the pandemic:

At the time of writing, we are in the midst of the COVID-19 global pandemic. Monash University has been closely monitoring the situation and making decisions in relation to our operations, based on advice from the World Health Organization, Federal and State governments, and Chief Medical Officers.

Only one university – The University of Melbourne (UoM) – provided an estimate of the potential financial impacts of the virus-induced crisis, but only on investments:

Some key areas of anticipated impact include: … • An expected change in investment income and investment values, due to a decline in equity markets. For the three-month period to 31 March 2020, the unrealised loss through the income statement was
$189,030 million, predominantly due to share market movements during the three-month period. Investment transactions were also undertaken by the university during this time.  

Most of the universities had the following statements concerning financial markets and going concerns. RMIT University, in part, stated:

The University is actively managing this developing situation and will continue to monitor the non-financial and financial impacts of COVID-19 on its operations, and has put in place various mitigation strategies that will ensure it will remain a going concern for at least 12 months. Measures being taken include reducing discretionary spend, implementing additional controls on recruitment and increasing the learning content available to students via on-line/digital mechanisms.

In the Annual Review, VAGO (VAGO, 2020, p. 25) stated the following significant audit matter:

Because the COVID-19 emergency was a post balance date event, it did not cause any amounts reported at 31 December 2019 to be adjusted. However, universities had to assess the impacts of the government's response to the COVID-19 pandemic on their operations and ability to continue to operate as a going concern for the following 12 months. Universities also had to determine appropriate disclosure of these impacts in post balance date event notes of their financial reports.

VAGO did not issue any qualified audit report for the year ending 31 December 2019 (VAGO, 2020).

Table 2 presents the key findings of our analysis of the risk disclosures associated with pandemic and international student revenue. Regarding risk categories, 13 disclosures had a financial risk component and 8 disclosures an operational risk component, with no instances of strategic risk disclosure identified.

Table 2 to insert here

We identified disclosures according to three characteristics, as outlined in Section 3: metrics, outlook, and tone of risks disclosed. In terms of metrics, only The University of Melbourne’s report had a monetary element, and this was limited in nature. The other 20 disclosures were non-monetary or qualitative. For outlook, there were 21 disclosures, 10 of which were future-looking, 9 current, and 2 were retrospective. In terms of the tone of the disclosures, 19 were identified as neutral, and 2 were identified as good news.

Notably, of the 21 disclosures analysed, 20 of those concerning the pandemic and the impacts on international student income was entirely non-monetary in nature. That is, disclosures were qualitative, neutral and are classified as boilerplate.
An example of boilerplate risk disclosure is illustrated below as extracted from the annual report of Deakin University:

Due to this significant uncertainty surrounding the COVID-19 outbreak and the government’s response to this, it is not possible to estimate the full impact on the University’s operations, financial position and cashflows at this point in time. This being the case, the University does not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.10

There were, however, five other universities that made the same note disclosure (Federation, La Trobe, Monash, RMIT and Victoria), which varied only in terms of stating “the University does not consider” as above (three instances) or “we do not consider” instead (three instances).

That is, from over 1000 pages in this group of eight annual reports, only 19 paragraphs disclosed the risk of the pandemic on income sources about international student enrolments. Further, given their generic nature, these risk disclosures had very little information content. Our analysis of the Victorian universities’ annual reports suggests that the primary objective of these reports – accountability and transparency – has not been fulfilled.

Also, we observed that all annual reports included “Financial Risk Management” disclosures in notes to the financial statements. These were expressed in narrow terms, dealing specifically with credit risk, liquidity risk, foreign currency risk, interest rate risk, and market risk. They do not mention “income risk” or “revenue risk”, which is, at the time of writing, regarded as significant for Victorian public universities. Overall, the risk disclosures in the annual reports examined were inadequate concerning the materiality of the risk posed to universities by the pandemic and the consequences for income derived from fee-paying international students.

Many of the professional or expert public statements and guidelines on non-financial risk disclosure are focused on the organisational level. However, the types of risks involved are at the macro level and not within the control of an individual organisation. Despite this, the macro risks need to be planned for and modelled at the organisational level. Significant non-financial risks include (but are not limited to): environmental risks (including climate-related risk); social risks (including understanding changing social norms); supply chain transparency and other supply chain risks, including freight disruption risks; health and safety risks (including global pandemic risks); and technology risks (including business continuity).
6. Discussion and Concluding Comments

The study’s findings show that public universities in Victoria were aware of the requirement to report on events occurring after the reporting period, as outlined by the accounting standard AASB 110. In doing so, disclosure of the COVID-19 event across the sample universities’ annual reports was treated as a “non-adjusting” event under this accounting standard. Besides, disclosures related to the anticipated impacts of the virus and income from international students were non-existent in financial terms and mentioned only in general terms. Accountability in terms of COVID-19 related disclosures was arguably only at the minimum requirement of the accounting standard. The annual reports were not publicly available until they were tabled in the Victorian Parliament, all on 2 June 2020. The above may suggest that accountability has been met, but at the bare minimum level required, and the timeliness of reporting was inadequate (Carnegie and Parker, 2020).

The information provided outside the 2019 annual reports tells a different story from that disclosed according to the minimum levels of accountability. During April and May 2020, various public universities made statements in the media about their predicted loss of income in the year ending 31 December 2020 and revealed measures to be taken to in light of this acknowledged significant income losses (e.g., Davis, 2020; Hunter, 2020). That is, universities were planning cost-cutting and both voluntary and compulsory redundancies.

Taking a Habermasian change diagnosis perspective, these austerity measures effectively constitute first-order or morphostatic change. That is, universities adapt to change by setting out to reorient by quickly adopting cost-cutting programs, to operate within much-reduced income levels. Indeed, as the predicted downturns in international student fees were emerging, Victorian universities were working out their exposure to risk but did not share their concerns in their annual reports – the vehicle for meeting public accountability – despite taking five months to table their reports in Parliament.

Thus far, there is little public evidence of immediate second-order or morphogenetic change, which would involve a more fundamental shift in which organisations aspire to reorient their interpretive schemes. However, this form of change has been flagged as required. For instance, Hunter (2020), in a report of 7 April, the Australian National University (ANU) Vice-Chancellor, Professor Brian Schmidt as stating that “the country's universities will be permanently 'transformed' by the COVID-19 crisis and a new higher education system must be developed as revenue from international students dries up”. The Vice-Chancellor also stated
that “hard decisions” would need to be made by universities as the crisis unfolded and indicated that “government and universities had to start 'co-designing the future' for the sector”. Further, he believed a comprehensive strategy needs to be developed and adopted to make universities “fit for purpose” in 2022 and beyond. But despite this contribution to what the future of higher education may look like in Australia at least, ANU had still not published its 2019 annual report on 31 August 2020. It is clear, though, that the changes of the genre foreshadowed in the media are likely to result in the adoption of evolutionary changes within the next 12-18 months, at the time of writing, for universities, both in terms of values and strategic positioning, including different strategies for domestic and international students.

The current crisis is an opportunity to fundamentally rethink the role of the public university sector in a broad sense, as well as how it engages with key stakeholders, such as academics and students. The Australian Association of University Professors (AAUP) argues that the financial crisis in the AHES and the substantial threat to academic employment and career opportunities are the inevitable results of the view of education as an export commodity, that universities are just another means of growing the economy (AAUP, 2020). Is this the role of a public university? Guthrie and Dumay (2020, p. 3) argue that:

> Universities are so much more than a revenue stream. They stand at the centre of our modern knowledge-based democracy. They are bulwarks against misinformation in social media, the lure of demagogy, non-democratic foreign influences and the abuse of artificial intelligence through their ability to ‘vaccinate’ all members of society by education.

Well-rounded university education and research lay the groundwork for innovative thinking and sustainable development that can contribute to directly dealing with global problems such as climate change, poverty, and current and anticipated future pandemics. There needs to be a firmly led revival of academic principles in the missions and operations of public universities in Australia and beyond. The contemporary push for ongoing commercialisation and significant degeneration of academic values the higher education sector requires resistance, particularly if the sector is to survive, thrive intellectually, and fulfil its potential to work in the nation’s interest and for Australian society with water implications for the state of play around the globe.
References


Endnotes:

1 Consisting of (in alphabetical order) Deakin University, Federation University Australia (hereafter "Federation"), La Trobe University, Monash University, RMIT University, Swinburne University of Technology (hereafter “Swinburne”), The University of Melbourne, and Victoria University.

2 For details, see: https://en.wikipedia.org/wiki/List_of_universities_in_Australia#:~:text=There%20are%2042%20universities%20in%20Australia%3A%2040%20Australian,and%203%20private%29%20and%202%20international%20private%20universities.

3 See note 32 at https://library.croneri.co.uk/cch_uk/iast/miscifrspractice-201012

4 A MCVC only arises where a report is not provided by the Chancellor or the Vice-Chancellor for 2019.

5 In instances where there is no mention of the COVID-19 virus or pandemic in these places.

6 Victoria University, 2019 Annual Report, Note 34, p. 115.


8 The University of Melbourne, 2019 Annual Report, Note 27, p. 167.


Table 1


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<th>Institution</th>
<th>CS</th>
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<th>MCVC</th>
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<th>EO/TFN</th>
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* In all instances, disclosure was only made in Events Occurring in the notes to, and forming part of, the 2019 audited financial statements.
Table 2
Quality of risk disclosures: metrics, outlook, and tone

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<tr>
<th>Quality of RD</th>
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<th>SD</th>
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<td></td>
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Public Universities and Impacts of COVID-19 in Australia: Risk Disclosures and Organisational Change

Abstract

Purpose: This study examines the COVID-19 pandemic risk disclosures of a sample of Australian public universities' annual reports. As Australian universities rely heavily on fee-paying onshore overseas students, analysing these risk disclosures is essential to understanding the COVID-19 crisis and the implications for organisational change.

Design/methodology/approach: Document analysis and a content analysis of the 2019 annual reports of Victorian public universities' disclosures were undertaken. This was done to identify how COVID-19 risk impacts are disclosed. A Habermasian perspective of organisational change is adopted.

Findings: Any risk associated with COVID-19 disclosed was minimal in a qualitative, neutral and constant format. The quality of disclosures was low. At the same time, media statements pointed to significant income loss and suggested a strategy of substantial cost-cutting, including employee redundancies.

Research implications: The study reveals the risk associated with Australian universities' aggressive growth strategy, which has jeopardised their financial viability and quality.

Practical implications: The findings provide insights into various stakeholders seeking to understand the future of the sector, particularly in terms of the low quality of risk disclosures supplied by public universities, suggesting an urgent need for change.

Originality/value: Australian public universities play a crucial role in society; this role is weakened by a failure to disclose their annual reports and manage significant risks.

Keywords: accounting, Australia, COVID-19, risk disclosures, annual reports, Victorian public universities.

Paper type: Research paper.
Public Universities and Impacts of COVID-19 in Australia: Risk Disclosures and Organisational Change

1. Introduction

Since the World Health Organization (WHO) declared COVID-19 a global pandemic on 11 March 2020, the crisis has caused ongoing economic, social, and political disruption. At the time of writing (late December 2020), borders are still closed, and governments worldwide have introduced measures to support their economies (Andrew, Baker, Guthrie, & Martin-Sardesai, 2020). In some countries, especially where universities were a vital part of the export industry sector, many universities are struggling in financial terms, if not reeling.

Like many sectors, universities have faced significant disruption and significant financial impacts. This is particularly the case in countries where English is the national language, including Australia, Canada, England, New Zealand, Scotland, Wales, and the US, where universities rely heavily on inbound fee-paying international students. In the UK, for instance, the pandemic has exposed deep-rooted flaws in how public universities are funded. Billions of pounds will be lost because of the decrease in international student numbers. The government's failure to stand behind the sector in this crisis has encouraged institutions to prioritise student recruitment over health and safety, with over 20,000 staff and students affected. In the US, the situation is dire in the US with in excess of 436,000 COVID-19 related deaths to 31 January 2021.

In Australia, COVID-19 has propelled public universities into an existential crisis, highlighting the sector's longstanding strategic and structural weaknesses in its exposure to international markets, particularly the market in China (Business Council of Australia, 2020). Research by the Mitchell Institute estimates 300,000 fewer international students – half the pre-coronavirus numbers – in Australia by July 2021 (Hurley, 2020). Australia has a higher proportion of international students than counterparts in any other country, with international students in 2019, comprising almost a third of all higher education students. Approximately 160,000 (36.2%) of international student enrolments in the Australian higher education sector (AHES) (predominantly in public universities) is derived from China (DEST, 2019a; Hinton, 2020), with 20.5 per cent of students drawn from India (DEST, 2019a). In the aftermath of the virus, universities’ income streams from fee-paying international students are at serious risk (Hewett, 2020). According to Carnegie, Guthrie and Parker (2020), “the prevailing market strategy of
marketisation is not looking durable or necessarily desirable”. As a result, it will be impossible for Australian public universities to avoid significant operational, social, and financial impacts.

In this paper, we focus on the financial risks to the AHES by means of a case study of all eight public universities in Victoria. We examine their 2019 annual reports, including audited financial statements, focusing on their COVID-19 risk disclosures. We seek to answer three key research questions.

1. What is the quality of disclosures relating to COVID-19 in the Victorian public universities' 2019 annual reports?
2. What are the characteristics of the risk representations found in those annual reports?
3. How can Laughlin’s (1991) Habermasian organisational change diagnosis be applied to understand changes made in public sector universities because of the impacts of COVID-19 on social and financial risks?

Overall, we found a few disclosures about any risks to international student fees associated with COVID-19 in the annual reports. Those included were in a standard qualitative and neutral form and displayed no material content. We conclude these universities appeared unaware of, or reluctant to, discuss the potential financial shocks that stem from the crisis and their staff and students' impacts. At the same time, Victorian universities made statements in the media about their predicted loss of income due to COVID-19. The inadequacy of disclosing these risks in the annual reports provides evidence of false accountability and transparency concerning material risks.

Analysed through a Habermasian perspective (Habermas, 1984; 1987; Laughlin, 1991; Broadbent & Laughlin, 2013), we identify that universities have adopted a morphostatic change (short term) to overcome the immediate impacts of COVID-19. But will be undergoing a morphogenetic change (long term) over the next years, which will result in critical changes and strategic repositioning due to the financial impacts of COVID-19. We believe the study's findings provide insights into the effects of the crisis and the higher education sector's future in any country that has become reliant on export income from fee-paying onshore international students.

The remainder of this article is structured as follows. Section 2 provides a background to the AHES and international students. Section 3 outlines the methodological approach adopted, and Section 4 presents the findings. Section 5 analyses the results from a Habermasian change
perspective. The final section discusses the implications of the study and offers concluding comments.

2. Literature review

New public management (NPM) and the ideology of neoliberalism have resulted in cultural and managerial changes in public sector organisations (Martin-Sardesai, Irvine, Tooley, & Guthrie, 2017). Critical elements of NPM are, among other things, disaggregation, competition, customer orientation and a focus on efficiency and performance measures (Parker, Martin-Sardesai, & Guthrie, 2019). NPM has given accounting and audit prominence and has radically transformed public sector funding, management, and accountability systems (Shore et al., 2015; Parker et al., 2019).

Over the past four decades, the Australian government has been systematically restructuring the AHES according to NPM philosophy (Olssen & Peters, 2005), requiring adopting governance approaches, management practices and performance evaluation systems used in the private sector. The underlying aim is to produce greater efficiencies in academics' teaching and research activities within universities (Barnabè & Riccaboni, 2007). This involves the state, as the politically and financially responsible authority, managing universities through regulatory legislation and budgetary policy. Neoliberal techniques for controlling universities facilitate “governance at a distance” while effectively intensifying central control by the government, and universities themselves have introduced highly centralised management systems (Marginson, 1993). Even though universities were becoming corporatised organisations with predominantly commercial agendas, their profitability, risk management and accountability are wanting when confronting the financial crisis brought on by the COVID-19 pandemic (Hewett, 2020).

Underpinning the corporatisation of the AHES has been a dependence on international education income, a situation which has been foisted on universities by the federal government (Ross, 2020). Research-intensive universities (the older sandstone universities) have attracted the lion's share of international students' earnings in Australia. They have used the international students' money to finance research teams and new facilities, with up to 60 per cent of all university research funding self-generated in 2019 (Universities Australia, 2020).
The funding source is now under threat, with (Universities Australia, 2020) modelling estimating that the pandemic's financial consequence will be far-reaching with the university sector potentially losing up to $30 billion to 2023. One potential, if not likely, outcome of this will be a collapse in research capability (Universities Australia, 2020).

The scale of the lost income is immense. According to Ross (2020), tuition fees from Chinese students constituted almost 20 per cent of income at Sydney's two most prominent universities (UNSW and Sydney), a figure since revealed as an underestimate. Other journalists, academics and policy analysts have warned for many years of the dangers of over-reliance on a single source of income that is vulnerable on several fronts. For example, in August 2018, a report by the Tertiary Education Quality and Standards Agency (TEQSA, 2018) warned about Australian higher education providers' overreliance on international students, particularly from China, and to a lesser extent India and Nepal. Subsequently, Babones (2019a) warned of “massive financial risks” to universities after he analysed data from dozens of statistical sources in Australia and elsewhere to estimate the proportion of income contributed by fee-paying students from China students' at seven of Australia's most prominent universities.

Geopolitical tensions over Australia's international students' treatments, its legislation against foreign interference and potential disputes involving Chinese activities in places like the South China Sea, Hong Kong, Tibet, Taiwan and Xinjiang have frequently are risk factors disrupting future Chinese enrolments (Guthrie, Linnenluecke, Martin-Sardesai, Shen, & Smith, 2021). Despite commentators' warnings about the sector's overreliance on international student income and the 2018 government funding caps for domestic student numbers (Evans, Burritt, & Guthrie, 2014; Sims, 2018; Babones, 2019; Robinson, 2019), a pandemic had not been revealed as a risk factor (Ross, 2020).

With the arrival of COVID-19 and international borders' closure, international student enrolment is significantly down, and universities face future losses (or deficits) as well as cash flow difficulties. Many have announced plans to restructure, with redundancy programs, reduction in subjects and courses and reduced capital works (Martin-Sardesai, Parker, & Guthrie, 2020). Estimates suggest up to 60,000 people will lose their job, with casual staff already particularly hard hit. Before COVID-19, up to 70 per cent of Australian university staff worked casually, with teaching, research and administration (Carnegie & Guthrie, 2020). As of December 2020, public universities have announced reduced working conditions, voluntary and compulsory redundancies, and other significant so-called savings measures (Carnegie,
Further compounding Australian universities’ financial crisis, the Federal Government determinedly excluded university staff from the “JobKeeper” wage subsidy program. Universities were denied any funds from the government's $259 billion economic stimulus package. The Minister for Education ruled out any government financial rescue package for public universities (Beeby, 2020), as an alternative announcing a range of measures falling under the government's “Job Ready” policy package that will not serve to alleviate the financial crisis the AHES faces.

3. Research Method

This investigation adopts a case study approach applying a Habermasian change diagnosis lens. Laughlin's Habermasian change perspective (Habermas, 1984; 1987; Laughlin, 1991; Broadbent & Laughlin, 2013) allowing us to analyse Australian universities' reactions/changes in response to COVID-19. A case study enables a comprehensive exploration of the research questions and their theoretical underpinnings (Eisenhardt & Graebner, 2007; Baskarada, 2014). It allows for a descriptive, illustrative and exploratory frame or a combination of these (Parker, 2003; Yin, 2003). It also enables us to gain an intimate understanding of the organisational phenomena. We can triangulate data both within each university and across universities, yielding reliable and robust evidence (Baxter & Jack, 2008; Yang & Northcott, 2019).

This study's research method is a content analysis of the 2019 annual reports of public universities in the Australian state of Victoria. We use content analysis to identify how COVID-19 risks were disclosed, adopting a risk classification framework and risk categories (Guthrie, Rossi, Orelli, & Nicolò, 2020). The financial year ended on 31 December 2019 was used as this was the last data source available. (Guthrie, Petty, Yongvanich, & Ricceri, 2004, p. 288) highlight that “those conducting CA [content analysis] need to demonstrate the reliability of their instruments and the reliability of the data collected using those instruments to permit replicable and valid inferences to be drawn from data derived from the content analysis”. Likewise, researchers need to explain, reflect upon, and justify the choices made in “making” the data for readers to assess the merit of the conclusions drawn from that data.

In content analysis research, judgements mainly fall into four categories: type, magnitude, frequency, and quality. Type is a category to which a text unit belongs. Magnitude is the prominence of the category within a text unit. Frequency is how often a category occurs. Many
attributes can measure quality, for example, tone, quantification, and time-orientation (Abhayawansa, Liu, & Guthrie, 2021 forthcoming). In this study, content analysis was undertaken of the PDFs of the Victorian universities’ 2019 annual reports using the word search function of various key terms, including “COVID-19”; “Novel Coronavirus”; “virus”; “pandemic”; “international students”; “students”; “international education”; “financial risk”; “management risk”; “risk”; and “events occurring after reporting date/balance date”. A file for each university containing the extracted data, relevant page references, and the date the annual report was tabled in Parliament.

We used a two-step process to analyse the data. The first step was to identify the disclosure location and forms, as annual reports can be lengthy with over 100-150 pages (1000 pages in total from the total of eight annual reports analysed). The second step was to investigate the characteristics and categories of COVID-19 risk disclosure. After performing an inter-rater consistency test, two people were charged with coding to ensure reliability (Guthrie et al., 2004). As our first research question indicates, our focus was on the quality of disclosures relating to COVID-19 risk and international onshore students’ fees.

4. Risk Disclosure and Habermasian Change Diagnosis

Risk is defined as the uncertainty associated with potential gain and loss (Solomon, Solomon, Norton, & Joseph, 2000, p. 449). More specifically, Linsley and Shrives (2006, p. 389) define risk disclosures as any information disclosing to a reader any opportunities, prospect, hazard, harm, the threat of exposure that has already impacted or may give an impact upon the company or management in future. Effective risk management requires the early identification of risks, such as in annual reports, and the management of misinformation and other challenges.

Risk communication can improve stakeholders' understanding of a company's social profile. A better level of risk communication allows stakeholders to be more aware of potential material changes. Arguably, the disclosure of risk information improves stakeholder understanding because an organisation can directly communicate the various risks it faces. This higher transparency level will make it significantly easier for external users to interpret the organisation's risks (Cabedo & Tirado, 2004).

In recent financial statements, risk disclosures are considered vital given accounting irregularities such as Enron, Parmalat, Worldcom, and Xerox and the pervasive concerns about risk during the global financial crisis. These highly published failures led to significant public mistrust in the financial statements of companies (Hill & Short, 2009). The IASB practice
statement suggests that management commentary should include a description of “the Entity's principal risk exposures and changes in those risks, together with its plans and strategies for bearing or mitigating those risks, as well as disclosure of the effectiveness of its risk management strategies” (IASB, 2010, p. 13). The IASB (2010) also states the following: “Management should disclose its principal strategic, commercial, operational and financial risks ...”.

This study focuses on the financial year ending 31 December 2019 to understand the extent of risk disclosure communication pertaining to COVID-19 which spread to Australia in January 2020. We adopt the descriptions of risks derived from Guthrie et al. (2020). These include financial risks relating to financial transactions, investments, potential financial losses, and non-financial risks, including operational risks, empowerment risks, information processing and technology risks, integrity risks, and strategic risks. Operational risks cover changes in value caused by actual losses instead of expected losses, resulting from inadequate or failed internal processes, people, systems, or external events. These include risks related to fraud, security, privacy protection, legal and physical risks. Operational risks also embed “bigger risks” related to environmental, social and sustainability issues. Strategic risks arise from pursuing an unsuccessful business plan, making poor business decisions, poorly executing those decisions, inadequate resource allocation or a failure to respond to changes in the business environment.

The study uses Laughlin's Habermasian insights into change diagnosis within organisations (Habermas, 1984; 1987; Laughlin, 1991; Broadbent & Laughlin, 2013) as a lens to develop insights into the changes brought on public sector universities because of the impacts of COVID-19 on social and financial risks. Under the Habermasian change perspective, an organisation's responses to environmental change are intended to bring about a new equilibrium. Specifically, there are two major pathways of the first and second-order change. First-order change is known as “morphostatic” and second-order “morphogenetic” (Habermas, 1984; 1987).

Both types of change reveal different routes to the three dimensions of an organisation, its interpretive schemes (lifeworld), its design archetypes (steering media), and its subsystems (systems). The morphogenetic pathway involves a more significant and fundamental change in an organisation's interpretive scheme resulting in long-lasting changes (Broadbent & Laughlin, 2013; Martin-Sardesai et al., 2017; Parker, 2020). The morphostatic change is less significant,
producing, slight, short scale changes in design archetypes and subsystems. Organisations that are impacted bring about a reconfiguration of their design archetypes, and subsystems.

In an ideal situation, at the organisational level (universities), the design archetypes should be aligned with subsystems, all acting in harmony with the interpretive scheme (Broadbent & Laughlin, 2013). At the level of a university, COVID-19 represents an environmental disturbance. University managers mediate external relations and fashion strategies, becoming “their own switching station, between the external pressures and the internal changes they want to achieve” (Marginson & Considine, 2000, p. 9). The greater the magnitude of the disturbance, the greater the chance of change.

This study identifies COVID-19 as an environmental or external disturbance and universities' interpretive schemes as their strategic positioning, including their vision and mission. As the design archetypes, including decision-making protocols and procedures, and various communication channels, the organisational structure ensures that the systems are compliant with universities' interpretive schemes. In the case of universities, these could include staffing changes, new teaching models and mindset changes concerning campus operations realised in terms of their location, number and public accessibility (Martin-Sardesai et al., 2017; Bebbington, 2021). Finally, the subsystems are universities' physical resources (Broadbent & Laughlin, 2013; Martin-Sardesai et al., 2017). This provides us with a language to analyse the relationship between the external environment and its internal workings.

5. Findings

In our first step, we identified where risk-related information on COVID-19 appeared in annual reports and the form of such disclosure. Table 1 summarises the location of the disclosures made.

Insert Table 1 about here

All eight Victorian universities provided disclosure of COVID-19 in Events Occurring (EO). The notes issued by all eight universities were similar and are standardised. The following by Victoria University was in substance in all the annual reports:

Since the reporting period ending 31 December 2019, the Coronavirus (COVID-19) outbreak in Wuhan (China) has developed, causing worldwide uncertainties resulting in travel restrictions, and creating major volatility on equity markets. Whilst the university has developed a digital platform to allow students to undertake studies online, the various impacts of COVID-19 may make it more difficult for international students to complete one or more semesters. This could lead to significant reductions
in student revenue, possibility of refund of enrolment fees, investments could be adversely impacted due to global market volatility, possible global recession and international debtors impacted and their ability to repay outstanding debt.\textsuperscript{5}

Given the extent of this wording among the group of universities, we have labelled this form of consistent disclosure as “boilerplate”. In this standardised paragraph, there are no financial estimations of the anticipated or expected impacts.

The following sentences appear in Monash University's disclosure in the Vice-Chancellor's Statement about the pandemic:

At the time of writing, we are in the midst of the COVID-19 global pandemic. Monash University has been closely monitoring the situation and making decisions in relation to our operations, based on advice from the World Health Organization, Federal and State governments, and Chief Medical Officers.\textsuperscript{6}

Only one Victorian university – The University of Melbourne (UoM) – provided an estimate of the potential financial impacts, but only on investments:

Some key areas of anticipated impact include: … An expected change in investment income and investment values, due to a decline in equity markets. For the three-month period to 31 March 2020, the unrealised loss through the income statement was $189.030 million, predominantly due to share market movements during the three-month period. Investment transactions were also undertaken by the university during this time.\textsuperscript{7}

Many of the universities had the following statements concerning financial markets and going concerns. RMIT University, in part, stated:

The university is actively managing this developing situation and will continue to monitor the non-financial and financial impacts of COVID-19 on its operations, and has put in place various mitigation strategies that will ensure it will remain a going concern for at least 12 months. Measures being taken include reducing discretionary spend, implementing additional controls on recruitment and increasing the learning content available to students via on-line/digital mechanisms.\textsuperscript{8}

In the 2019 Annual Review of the Victorian Auditor-General's Office (VAGO) dated 30 June 2020 (VAGO, 2020, p. 25) stated the following significant audit matter:

Because the COVID-19 emergency was a post balance date event, it did not cause any amounts reported at 31 December 2019 to be adjusted. However, universities had to assess the impacts of the government's response to the COVID-19 pandemic on their operations and ability to continue to operate as a going concern for the following 12 months. Universities also had to determine appropriate disclosure of these impacts in post balance date event notes of their financial reports (VAGO, 2020, p. 25).
Table 2 presents the key findings of our analysis of the risk disclosures associated with the pandemic and international student income. Regarding risk categories, 13 disclosures had a financial risk component and eight disclosures an operational risk component, with no instances of strategic risk disclosure identified.

We identified disclosures according to three characteristics: metrics, outlook, and tone of risks disclosed. In terms of metrics, only The University of Melbourne's report had a monetary element, which was limited in nature. The other 20 disclosures were non-monetary or qualitative. There were 21 disclosures for outlook, 10 of which were future-looking, nine were current, and two were retrospective. In terms of the disclosures' tone, 19 identified as neutral, and two identified as good news.

Notably, of the 21 disclosures analysed, 20 of those concerning the pandemic and the impacts on international student income were entirely non-monetary. That is, disclosures were qualitative, neutral and classified as “boilerplate” risk disclosure.

An example of boilerplate risk disclosure is illustrated below as extracted from the annual report of Deakin University:

Due to this significant uncertainty surrounding the COVID-19 outbreak and the government's response to this, it is not possible to estimate the full impact on the university's operations, financial position and cashflows at this point in time. This being the case, the university does not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the group at this time.9

That is, from over 1,000 pages in this group of eight annual reports, only 19 paragraphs disclosed the risk of the pandemic on income sources from international student enrolments. Further, given their generic nature, these risk disclosures had little information content.10 Overall, the risk disclosures in the annual reports examined were inadequate concerning the materiality of the risk posed to universities by the pandemic and the consequences for income derived from fee-paying international students.

Many professional or expert public statements and guidelines on non-financial risk disclosure are focused at the organisational level. However, the types of risks involved are at the macro level and not within an individual organisation's control. Despite this, the macro risks need to be planned for, and modelled at, the organisational level. Significant non-financial risks include (but are not limited to): environmental risks (including climate-related risk); social risks
(including understanding changing social norms); supply chain transparency and other supply chain risks, including freight disruption risks; health and safety risks (including global pandemic risks); and technology risks (including business continuity).

6. Discussion and Concluding Comments

The study’s findings indicate that disclosures related to the impacts of the virus and income from international students were virtually non-existent in financial terms. The boilerplate nature of disclosures suggests a lack of transparency on the part of the universities. Further, the annual reports in the sample were not publicly available until they were tabled in the Victorian Parliament, on 2 June 2020.

Yet, outside the 2019 annual reports, a different story was being shared by university leaders. During April and May 2020, various public universities made statements in the media about their predicted significant loss of income from international students (Davis, 2020; Hunter, 2020). That is, universities were planning cost-cutting employee redundancies and had taken this step to flag their intentions and to prepare, if not alarm, their key stakeholders.

Viewed from a Habermasian change diagnosis perspective, the changes undertaken by universities constitute a morphostatic change. Universities have quickly changed their design archetype to adopt heavy cost-cutting programs, to operate within much-reduced income levels. The morphostatic change arises when organisations that are impacted move to adapt, by either rebutting the external shock or responding by reorienting. However, over the longer term universities will engage in morphogenetic change, the more fundamental change where organisations aspire to reorient their interpretive schemes. Universities will need to reconsider their critical values and strategic positioning. This may include a reconfiguration of design archetypes. For example, Bebbington (2021) argues that Australian universities need to re-evaluate everything from their tuition fees, course delivery, student support, administration, teacher development and international partnerships to their size, infrastructure, academic calendar, fundraising, employment arrangements and participation in global rankings.

Similarly, Bebbington (2021, p. 165) points out that “… the unprecedented disruption brought about by COVID-19 signals a once-in-a-generation opportunity for a strategic transformation of universities, toward more differentiate character and missions of each university, and a
resizing of each university and its resources to fit new, more focused goals”. This strategic
development, stimulated by the impact of COVID-19, will bring about morphogenetic change
that is more fundamental and long-lasting. University leaders are on record as acknowledging
the inevitability of this kind of change. For instance, Hunter (2020) identifies that, in a report
of 7 April, the Australian National University (ANU) Vice-Chancellor stated that “the country's
universities will be permanently ‘transformed’ by the COVID-19 crisis and a new higher
education system must be developed as revenue from international students dries up”. The
Vice-Chancellor also stated that “hard decisions” would need to be made by universities as the
crisis unfolded and indicated that “government and universities had to start ‘co-designing the
future’ for the sector”. Further, the ANU Vice-Chancellor identified the need for a
comprehensive strategy to be developed and adopted to make universities “fit for purpose” in
2022 and beyond.

Regardless of what 2021 brings, universities will adopt morphogenetic changes in the short,
medium, and long term, with universities bringing about changes in critical values and related
high-level thinking in strategic positioning, including different domestic strategies and
international students. Hence, while universities are undergoing morphostatic change to deal
with the immediate impact of COVID-19, the current crisis offers an opportunity to
fundamentally rethink the role of the public university sector in a broad sense and how it
engages with key stakeholders, such as academics and students. The Australian Association of
University Professors (AAUP) argue that the financial crisis in the AHES and the substantial
threat to academic employment and career opportunities are the inevitable results of the
overriding view of education as an export commodity, according to which universities are just
another means of growing the economy (AAUP, 2020). Is this the role of a public university?
In answering “no” to this question, Guthrie & Dumay (2020, p. 3) argue:

   Universities are so much more than a revenue stream. They stand at the centre of our
   modern knowledge-based democracy. They are bulwarks against misinformation in
   social media, the lure of demagogy, non-democratic foreign influences, and the abuse
   of artificial intelligence through their ability to ‘vaccinate’ all society members by
   education.

This paper makes three contributions in examining risk disclosures and organisational change
due to changes in the environment such as the COVID-19. First, it contributes to the literature
on accounting disclosures and organisational change. Second, its findings have implications
for practice, providing useful insights for both regulators and universities required to respond
to such changes in the environment. Third, it contributes to a theoretical understanding of change; it is highlighting a useful organisational change model.

Despite its many advantages, the case study method has limitations in that its findings relate to a single project or small clusters of projects. However, insights from this research study on the effective management of change in the AHES from the perspective of all public universities in Victoria are relevant to other university organisations nationally and internationally. An extension of this research may include comparing the impact of COVID-19 on public sector universities across different countries. An appealing focus in the future would be examining the way universities' leaders attempt to bring about morphogenetic changes within their universities and the nature, magnitude, and consistency of such changes.
References


Public Universities and Impacts of COVID-19 in Australia: Risk Disclosures and Organisational Change (new title)

Previous title: Public Universities’ COVID-19 Risk Disclosures: An Australian Episode

Reviewer's comments

1.
The object of analysis of paper is sure topical, and the work is well written. However, there are a number of unclear stances that are taken throughout the work and the way the research questions are answered, as well as the contribution of the study, are unclear. More detailed comments are provided below.

Authors' responses

Thank you for your comments. We acknowledge the need to have the research questions (hereafter “RQs”) answered in a manner that is clear to the readers. Accordingly, we have addressed all your constructive and helpful comments as detailed below.

Reviewer's comments

2.
Introduction

I would suggest making the introduction more general. In particular, the effects of Covid-19 seem upfront presented as the problematic and significant only in the Australian context; however, we know that similar devastating and sometimes even more serious effects have been registered throughout the world, especially in the US and Europe. I suggest problematising the object of analysis more, generalising it more. This will help also broaden the contribution at the end.

Authors' responses

Thank you. We have expanded Section 1 (Introduction) to include a more global perspective on the pandemic. We have included the following as paragraph 2 of Section 1:

“Like many sectors, universities have faced significant disruption and significant financial impacts. This is particularly the case in countries where English is the national language, including Australia, Canada, England, New Zealand, Scotland, Wales, and the US, where universities rely heavily on inbound fee-paying international students. For example, in the UK, the pandemic has exposed deep-rooted flaws in how public universities are funded. Billions of pounds will be lost because of the decrease in international student numbers. The government's failure to stand behind the sector in this crisis has encouraged institutions to prioritise student recruitment over health and safety, with over 20,000 staff and students affected. In the US, the situation is dire with The New York Times reporting more than 321,000 COVID-19 cases and 80 deaths in American universities since the beginning of the pandemic.”

Reviewer's comments
3. The introduction needs more discussion of why the object of study is, particularly, universities. Many other sectors and organisations have been affected by Covid-19. More examples on the possible financial effects on universities are also needed.

Authors' responses

We agree and now reference the UK and the US and have included the following in paragraph 3 in Section 1:

“In Australia, COVID-19 has propelled public universities into an existential crisis, highlighting the sector's longstanding strategic and structural weaknesses in its exposure to international markets, particularly the market in China (Business Council of Australia, 2020). Research by the Mitchell Institute estimates 300,000 fewer international students – half the pre-coronavirus numbers – in Australia by July 2021 (Hurley, 2020). Australia has a higher proportion of international students than counterparts in any other country, with international students in 2019, comprising almost a third of all higher education students. Approximately 160,000 (36.2%) of international student enrolments in the Australian higher education sector (AHES) (predominantly in public universities) is derived from China (DEST, 2019a; Hinton, 2020), with 20.5 per cent of students drawn from India (DEST, 2019a). In the aftermath of the virus, universities’ income streams from fee-paying international students are at serious risk (Hewett, 2020). According to Carnegie, Guthrie and Parker (2020), “the prevailing market strategy of marketisation is not looking durable or necessarily desirable”. As a result, it will be impossible for Australian public universities to avoid significant operational, social, and financial impacts.”

Reviewer's comments

4. The second research question presented in the introduction is unclear. What is meant by features of the risks?

Authors' response

We have replaced 'features' with 'characteristics' and have revised RQ 2, to state:

“RQ2: What are the characteristics of the risk representations found in those annual reports?”

Further, we expand on these characteristics in the literature review section 2.

Reviewer's comments

5. Some terms and words are introduced for the first time here, but with no context of literature or theory of reference. This should be clarified immediately. Similarly, this section also presents a summary of the main findings that adopts concepts and terms that have yet to be defined. I suggest providing a very brief overview of the findings that avoids terms that the reader has yet to come in contact with. Differently, such terms (and possibly theories of reference) should be first of all defined here.
Authors' Response.

Thank you. We have moved the summary of our findings to the conclusion. Now have inserted a brief overview of our results in more general terms.

“Overall, we found a few disclosures about any risks to international student fees associated with COVID-19 in the annual reports. Those included were in a standard qualitative and neutral form and displayed no material content. We conclude these universities appeared unaware of, or reluctant to, discuss the potential financial shocks that stem from the crisis and their staff and students' impacts.”

Reviewer's comments

6.

In general, some reference should be provided to the theoretical lenses that are going to be used in the study and why.

Authors' Response.

Agreed, and we have included the following in Section 1, paragraph 6:

“Analysed through a Habermasian perspective (Habermas, 1984; 1987; Laughlin, 1991; Broadbent & Laughlin, 2013), we identify that universities have adopted a morphostatic change (short term) to overcome the immediate impacts of COVID-19. But will be undergoing a morphogenetic change (long term) over the next years, which will result in critical changes and strategic repositioning due to the financial impacts of COVID-19. We believe the study's findings provide insights into the effects of the crisis and the higher education sector's future in any country that has become reliant on export income from fee-paying onshore international students.”

Reviewer's comments

7.

In its current form, the paper is missing a literature review section (e.g. on universities, risks, crises), as well as a section of theoretical background and discussion of theories/lenses of analysis. The work goes straight into the specific background of the case under analysis. The missing sections are essential and should be included before reviewing any background. What do we know about universities and their struggles in general, and possibly at times of crisis, such as Covid-19? This lack of discussion makes also harder to understand the Australian background presented in section 2, as we are missing a more general background on universities and their possible concerns with financial equilibria and other risks.

Authors' Response.

Thanks for this comment and we have now included a new literature review – Section 2. Because of the word limit of papers for this special issue (hereafter “SI”), we have also reduced some of the descriptions in Section 3 to accommodate this change. See Section 2.

Reviewer's comments

8.

The Habermasian lenses that were briefly referenced in the introduction are nowhere to be found here. How did they inform the research and especially the methodology that follows?
Authors' Response.
Thank you. We have made amendments in responding to these comments and believe that the suggestions have been addressed.

Reviewer's comments
9.

Missing a more general background on universities and their possible concerns with financial equilibria and other risks

Authors' Response.
We have made amendments in response to these comments, incorporating all the suggestions, while striving to meet the 6,000 words (max.) length of SI papers.

Reviewer's comments
10.

Some of the statements, for instance, in terms of staff reduction, in section 2 are unclear. Are you referring to universities in general or universities in Australia? This should be clarified.

Authors' Response.
We appreciate this comment and we have now included the following paragraphs. This investigation is a case study of Australian public universities in the State of Victoria. Section 2, paragraphs 7 and 8, now contain the following:

“With the arrival of COVID-19 and international borders' closure, international student enrolment is significantly down, and universities face future losses (or deficits) as well as cash flow difficulties. Many have announced plans to restructure, with redundancy programs, reduction in subjects and courses and reduced capital works (Martin-Sardesai, Parker, & Guthrie, 2020). Estimates suggest up to 60,000 people will lose their job, with casual staff already particularly hard hit. Before COVID-19, up to 70 per cent of Australian university staff worked casually, with teaching, research and administration (Carnegie & Guthrie, 2020a). As of December 2020, public universities have announced reduced working conditions, voluntary and compulsory redundancies, and other significant so-called savings measures (Carnegie, Guthrie, & Martin-Sardesai, 2021). A whole generation of academics who depend on casual roles whilst completing their HDR studies may be lost (Shepherd, 2020).

Further compounding the financial crisis facing Australian universities, the Federal Government deliberately excluded university staff from its “JobKeeper” wage subsidy program. Universities were denied any funds from the government’s $259 billion economic stimulus package. The Federal Minister for Education ruled out any government financial rescue package for public universities (Beeby, 2020), and instead announced a range of measures falling under the government’s “Job Ready” policy package that will not serve to alleviate the financial crisis the AHES faces.”
Reviewer's comments

11.
How is the choice of the case under analysis justified? Why is this interesting and how is it different from other contexts and countries?

Authors' Response.
We have made minor amendments in response to these comments. Given the time constraints and words length, it was decided to concentrate on public universities in the State of Victoria, where we can access the documents and public statements. The material was released in June and submission to AA AJ SI was in September 2020.

Australia has a higher proportion of international students than counterparts in any other country. Across time, the AHES become strongly dependent on international students for its viability.

Section 1 paragraph 3 states the following:
“...In Australia, COVID-19 has propelled public universities into an existential crisis, highlighting the sector's longstanding strategic and structural weaknesses in its exposure to international markets, particularly the market in China (Business Council of Australia, 2020). Research by the Mitchell Institute estimates 300,000 fewer international students – half the pre-coronavirus numbers – in Australia by July 2021 (Hurley, 2020). Australia has a higher proportion of international students than counterparts in any other country, with international students in 2019, comprising almost a third of all higher education students. Approximately 160,000 (36.2%) of international student enrolments in the Australian higher education sector (AHES) (predominantly in public universities) is derived from China (DEST, 2019a; Hinton, 2020), with 20.5 per cent of students drawn from India (DEST, 2019a). In the aftermath of the virus, universities’ income streams from fee-paying international students are at serious risk (Hewett, 2020). According to Carnegie, Guthrie and Parker (2020), “the prevailing market strategy of marketisation is not looking durable or necessarily desirable”. As a result, it will be impossible for Australian public universities to avoid significant operational, social, and financial impacts.”

Reviewer's comments

12.
The methodology section talks about risk identification and classification; however, this was never discussed before in the paper. It needs clarification both in the methodology and earlier, in a possible literature review section.

Authors' Response.
We have amended the paper, incorporating these suggestions.

Reviewer's comments

13.
Habermasian change diagnosis lens: this should be introduced and explained much earlier in the paper. More discussion of literature is needed in this sense as well. The explanation of the four categories is unclear.
Authors' Response.

Thank you. We have now made amendments in response to these comments.

Reviewer's comments

14.

Content analysis: how were the keywords identified? Was any robustness analysis carried out?

Authors' Response.

We have made amendments in response to these comments, outlining the keywords used for collecting data. The search was carried out by one researcher and a sample was verified by another author. Details of the content analysis are available if the reviewer wants to see reliability and validity of the data.

“The content analysis undertaken used the PDFs of the 2019 annual reports on the official web sites of universities using the word search function of various key terms of words including COVID-19; ‘Novel Coronavirus’; ‘virus’; ‘pandemic’; ‘international students’; ‘students’; ‘international education’; ‘financial risk’; ‘management risk’; ‘risk’; and ‘events occurring after reporting date/balance date’. A file was created for each university containing the extracted data, relevant page references, and the date tabled in Parliament.”

Reviewer's comments

15.

Moreover, categories of risks are here used, but these were never discussed before. How were these identified and why only these?

Authors' Response.

Thank you. We used a previous classification framework and categories of risk (Guthrie, Rossi, Orelli, & Nicolò, 2020), with which we are familiar. Because of the strict words limit, we decided not to repeat all the detail about the categories of risk.

“We use content analysis to identify how COVID-19 risks were disclosed, adopting a risk classification framework and categories of risk (Guthrie, Rossi, Orelli, & Nicolò, 2020). The financial year ended on 31 December 2019 was used as this was the last data source available.”

Reviewer's comments

16.

I struggle understanding how 2019 annual reports could already have Covid-19 measures incorporated and discussed...

Authors' Response.

Note that, while the financial year ends 31 December 2019 these reports of Victorian public universities are compiled and released in June 2020 – well past the closing of borders to Chinese students in January and the peak of Australia’s first wave. In Victoria, the annual reports were tabled in Parliament on 2 June and made publicly available then. It would be
expected that during those six months, the universities were already modelling the financial impacts, and these are material.

The standards and professional practice are concerned with the disclosure of all future material risks should be disclosed, especially as some universities will lose up to 40% of budgeted revenue.

“Overall, the risk disclosures in the annual reports examined were inadequate concerning the materiality of the risk posed to universities by the pandemic and the consequences for income derived from fee-paying international students.”

**Reviewer's comments**

17.

Section 4 takes for granted any aspect of Habermas' theory. It is unlikely that the average reader will be able to follow this. This should really be moved at the start. Moreover, I struggle understanding the link between first and second order change and the main research questions of the paper: change was never the focus of analysis until now; risk and disclosure were.

**Authors' Response.**

Thank you for this insightful comment. In responding, we have rewritten this Section 6. We have also moved the paper from discussion of just risk and disclosure to an analysis of the transformation taking place in public sector universities up to the end of December 2020. For example, see paragraphs 2-5 reproduced below:

“Yet, outside the 2019 annual reports, a different story was being shared by university leaders. During April and May 2020, various public universities made statements in the media about their predicted significant loss of income (Davis, 2020; Hunter, 2020). That is, universities were planning cost-cutting employee redundancies. Viewed from a Habermasian change diagnosis perspective, the changes undertaken by universities constitute a morphostatic change. Universities have quickly changed their design archetype to adopt heavy cost-cutting programs, to operate within much-reduced income levels. The morphostatic change arises when organisations that are impacted move to adapt, by either rebutting the external shock or responding by reorienting. However, over the longer-term universities will engage in morphogenetic change, the more fundamental change where organisations aspire to reorient their interpretive schemes. Universities will need to reconsider their critical values and strategic positioning. This may include a reconfiguration of design archetypes. For example, Bebbington (2021) argues that Australian universities need to re-evaluate everything from their tuition fees, course delivery, student support, administration, teacher development and international partnerships to their size, infrastructure, academic calendar, fundraising, employment arrangements and participation in global rankings.

Similarly, Bebbington (2021, p. 165) points out that "... the unprecedented disruption brought about by COVID-19 signals a once-in-a-generation opportunity for a strategic transformation of universities, toward more differentiate character and missions of each university, and a resizing of each university and its resources to fit new, more focused goals." It is this impact of COVID-19 that will bring about morphogenetic change that is more fundamental and long-lasting. University leaders are on record as acknowledging the
inevitability of this kind of change. For instance, Hunter (2020) identifies that, in a report of 7 April, the Australian National University (ANU) Vice-Chancellor stated that "the country's universities will be permanently 'transformed' by the COVID-19 crisis and a new higher education system must be developed as revenue from international students dries up". The Vice-Chancellor also stated that "hard decisions" would need to be made by universities as the crisis unfolded and indicated that "government and universities had to start 'co-designing the future' for the sector". Further, the ANU Vice-Chancellor identified the need for a comprehensive strategy to be developed and adopted to make universities "fit for purpose" in 2022 and beyond.

Regardless of what 2021 brings, universities will adopt morphogenetic changes in the short, medium, and long term, with universities bringing about changes in critical values and related high-level thinking in strategic positioning, different strategies for both domestic and international students.

Reviewer's comments

18.

Findings

How many documents and pages were analysed in total? From how many universities?

Authors' Response.

We have made minor changes in response to these comments. The following appears in Section 3, last paragraph, and section 6.

“We used a two-step process to analyse the data. The first step was to identify the disclosure location and forms, as annual reports can be lengthy with over 100-150 pages (1000 pages in total from the total of eight annual reports analysed).”

“That is, from over 1000 pages in this group of eight annual reports, only 19 paragraphs disclosed the risk of the pandemic on income sources from international student enrolments.”

Reviewer's comments

19.

R19. The analysis is quite descriptive. It is difficult to see how this is informed by your theoretical lenses and stances.

Authors' Response.

This paper has seen a significant revision and sees comments above, especially 17.

Reviewer's comments

20.

The Habermasian change idea is not really visible from the findings (and indeed from the whole setup of the paper). Moreover, how can change be assessed only on the basis of content analysis? This goes against the very idea of second order change. The conclusions are not consistent with the theory chosen and the evidence provided is not compelling in this sense.
Authors' Response.
We agree, and this observation led us to make major revisions (see comments above, especially at 17).

Reviewer's comments

21.
It is, ultimately, unclear how the study answers the initial research questions. The conclusions also discuss commercialisation and resistance of universities, but this assessment goes beyond the actual purpose of the paper.

Authors' Response.
We introduced a third research question to accommodate these concerns and undertook a major rewrite of the paper.

“How can Laughlin's (1991) Habermasian organisational change diagnosis be applied to understand changes made in public sector universities because of the impacts of COVID-19 on social and financial risks?”

We believe the study's findings are relevant to any country with a higher education sector that has become reliant on export income from fee-paying onshore international students and countries that are considered a key education exporter in the future.

Reviewer's comments

22.
The contribution of the paper is unclear and not discussed in terms of both previous literature and theory. The conclusions are also quite rushed; limitations of the study and future research are not addressed.

Authors' Response.
Given the amendments made based your considered comments, including introducing the third research question, it is believed that we make a significant contribution to debates about the impact impacts of COVID-19 on public sector universities, especially in contexts where the higher education sector has become strongly reliant of income sources pertaining to international students.

Section 6, paragraph 8 states the following:

“This paper makes three contributions in examining risk disclosures and organisational change due to changes in the environment such as the COVID-19. First, it contributes to the literature on accounting disclosures and organisational change. Second, its findings have implications for practice, providing useful insights for both regulators and universities required to respond to such changes in the environment. Third, it contributes to a theoretical understanding of change; it is highlighting a useful organisational change model.”

Section 6 (paragraph 3-5), contains the following:

“Viewed from a Habermasian change diagnosis perspective, the changes undertaken by universities constitute a morphostatic change. Universities have quickly changed their design archetype to adopt heavy cost-cutting programs, to operate within much-reduced income levels. The morphostatic change arises when organisations that are impacted move to adapt,
by either rebutting the external shock or responding by reorienting. However, over the longer-term universities will engage in morphogenetic change, the more fundamental change where organisations aspire to reorient their interpretive schemes. Universities will need to reconsider their critical values and strategic positioning. This may include a reconfiguration of design archetypes. For example, Bebbington (2021) argues that Australian universities need to re-evaluate everything from their tuition fees, course delivery, student support, administration, teacher development and international partnerships to their size, infrastructure, academic calendar, fundraising, employment arrangements and participation in global rankings.

Similarly, Bebbington (2021, p. 165) points out that "... the unprecedented disruption brought about by COVID-19 signals a once-in-a-generation opportunity for a strategic transformation of universities, toward more differentiate character and missions of each university, and a resizing of each university and its resources to fit new, more focused goals." It is this impact of COVID-19 that will bring about morphogenetic change that is more fundamental and long-lasting. University leaders are on record as acknowledging the inevitability of this kind of change. For instance, Hunter (2020) identifies that, in a report of 7 April, the Australian National University (ANU) Vice-Chancellor stated that "the country's universities will be permanently 'transformed' by the COVID-19 crisis and a new higher education system must be developed as revenue from international students dries up". The Vice-Chancellor also stated that "hard decisions" would need to be made by universities as the crisis unfolded and indicated that "government and universities had to start 'co-designing the future' for the sector". Further, the ANU Vice-Chancellor identified the need for a comprehensive strategy to be developed and adopted to make universities "fit for purpose" in 2022 and beyond.

Regardless of what 2021 brings, universities will adopt morphogenetic changes in the short, medium, and long term, with universities bringing about changes in critical values and related high-level thinking in strategic positioning, different strategies for both domestic and international students."

Reviewer's comments

23.

Minor issues

The paper contains unexplained acronyms (e.g. VAGO). IASB should also be spelt out in full the first time it is introduced.

It would make the findings clearer if the document references for each quotation used in the section were reported just after the quotation. The reader would thus be immediately able to see where these are taken from.

Authors' Response.

Agreed. We have made the changes in response to these suggestions.

We have attempted to adequately respond to all suggestions and comments. We thank you for your careful review; it helped us in making major changes to our original paper.

End of responses to Reviewer 1's comments
Public Universities and Impacts of COVID-19 in Australia: Risk Disclosures and Organisational Change (new title)

Previous title: Public Universities’ COVID-19 Risk Disclosures: An Australian Episode

Responses to Reviewer 2's Comments

Reviewer's comments

1. The paper sheds new light on Universities' accountability under covid 19. However, it may benefit from a rewriting which may need to consider the following comments.

Authors' responses

Thank you for your constructive and helpful comments on the paper. We have undertaken a significant rewrite in addressing your comments and the comments of the other reviewer. Responses to the specific comments provided are outlined hereunder.

Reviewer's comments

2. First, the authors may need to think of the general relevance of their study, beyond the specific Victorian context.

Authors' response

Thank you for your comments. We have expanded Section 1 (Introduction) to include a more global perspective. We have included the following in paragraph 2 of Section 1:

"Like many sectors, universities have faced significant disruption and significant financial impacts. This is particularly the case in countries where English is the national language, including Australia, Canada, England, New Zealand, Scotland, Wales, and the US, where universities rely heavily on inbound fee-paying international students. For example, in the UK, the pandemic has exposed deep-rooted flaws in how public universities are funded. Billions of pounds will be lost because of the decrease in international student numbers. The government's failure to stand behind the sector in this crisis has encouraged institutions to prioritise student recruitment over health and safety, with over 20,000 staff and students affected. In the US, the situation is dire with The New York Times reporting more than 321,000 COVID-19 cases and 80 deaths in American universities since the beginning of the pandemic."

Reviewer's comments

3. Second, they may need to clarify better how they mobilise theory in their paper, and how it informs the analysis of data. More explanation on the theoretical framework is needed (at the expense of context information?).

We appreciate this helpful comment and we have included the following as paragraph 6 in Section 1:
“Analysed through a Habermasian perspective (Habermas, 1984; 1987; Laughlin, 1991; Broadbent & Laughlin, 2013), we identify that universities have adopted a morphostatic change (short term) to overcome the immediate impacts of COVID-19. But will be undergoing a morphogenetic change (long term) over the next years, which will result in critical changes and strategic repositioning due to the financial impacts of COVID-19. We believe the study's findings provide insights into the effects of the crisis and the higher education sector's future in any country that has become reliant on export income from fee-paying onshore international students.”

We use Laughlin's Habermasian insights into change diagnosis within organisations (Laughlin, 1991; Broadbent and Laughlin, 2013) to interpret the data. We found that the crisis was an external shock and has bought about a reconfiguration of the design archetypes of the organisations in a short time, such as significant staffing changes, new models of teaching, and mindset changes on campuses, deployed in terms of their location, number and public accessibility.

This is revised paper/resubmission another research question has been adopted (stated as RQ3). This question states:

“How can Laughlin's (1991) Habermasian organisational change diagnosis be applied to understand changes made in public sector universities because of the impacts of COVID-19 on social and financial risks?”

By introducing this further RQ, it is believed that we make an important contribution to debates about the impact of COVID-19 on public sector universities.

Reviewer's comments
3.

Finally, more discussion about how the results contribute to the accounting literature, and about their practical implications, would be welcome.

Authors' response
With a rewrite of Section 6, we now include the following in paragraph 3 of this section:

“Viewed from a Habermasian change diagnosis perspective, the changes undertaken by universities constitute a morphostatic change. Universities have quickly changed their design archetype to adopt heavy cost-cutting programs, to operate within much-reduced income levels. The morphostatic change arises when organisations that are impacted move to adapt, by either rebutting the external shock or responding by reorienting. However, over the longer term universities will engage in morphogenetic change, the more fundamental change where organisations aspire to reorient their interpretive schemes. Universities will need to reconsider their critical values and strategic positioning. This may include a reconfiguration of design archetypes. For example, Bebbington (2021) argues that Australian universities need to re-evaluate everything from their tuition fees, course delivery, student support, administration, teacher development and international partnerships to their size, infrastructure, academic calendar, fundraising, employment arrangements and participation in global rankings.”
To make the study’s contributions clear, we outline the following contributions in paragraph 7:

“This paper makes three contributions in examining risk disclosures and organisational change due to changes in the environment such as the COVID-19. First, it contributes to the literature on accounting disclosures and organisational change. Second, its findings have implications for practice, providing useful insights for both regulators and universities required to respond to such changes in the environment. Third, it contributes to a theoretical understanding of change; it is highlighting a useful organisational change model.”

We trust that the revised paper, based on your comments and the comments of the other reviewer, is regarded as much improved and refined. Thank you for your careful review; it helped us in making major changes to the original (submitted) manuscript.

End of responses to Reviewer 2's comments
Public Universities and Impacts of COVID-19 in Australia: Risk Disclosures and Organisational Change

Abstract

Purpose:
This study examines the COVID-19 pandemic risk disclosures in a sample of annual reports of Australian public universities. These universities rely heavily on fee-paying onshore overseas students. Analysing these risk disclosures is essential to understanding the COVID-19 crisis and the implications for organisational change.

Design/methodology/approach:
Document analysis and content analysis of the 2019 annual reports of all Victorian public universities were undertaken to identify the disclosure of COVID-19 risk impacts. Applying Laughlin's Habermasian insights of change, the study explores the pathways of change adopted by universities to overcome the risk impacts. However, financial risk disclosures about income from this source were virtually non-existent.

Findings:
Any risk associated with COVID-19 disclosed was minimal in a qualitative, neutral and constant format. The quality of disclosures was low. Media statements, however, pointed to significant income loss and suggested a strategy of substantial cost-cutting, including employee redundancies, which we identified as morphostatic changes of universities to overcome the risk impacts.

Research implications:
The study reveals the risk associated with sector’s aggressive growth strategy, jeopardising their financial viability and quality of teaching and research.

Practical implications:
The findings provide insights to the Australian higher education sector. The low quality of external risk disclosures of these universities suggests an urgent need for transformation.

Originality/value:
Australian public universities play a crucial role in society. This role will be diminished by a failure to disclose and manage significant risks adequately.
Keywords: accounting, annual reports, Australia, COVID-19, risk disclosures, Victorian public universities.

Paper type: Research paper.
Public Universities and Impacts of COVID-19 in Australia: Risk Disclosures and Organisational Change

1. Introduction

Since the World Health Organization (WHO) declared COVID-19 a global pandemic on 11 March 2020, the crisis has caused ongoing economic, social, and political disruption. At the time of writing (late December 2020), borders are still closed, and governments worldwide have introduced significant financial measures to support their economies (Andrew, Baker, Guthrie, & Martin-Sardesai, 2020). In some countries, mostly where universities were a part of the export industry sector, many universities are struggling financially.

Like many sectors, universities have faced disruption and significant financial impacts. This is particularly the case in countries where English is the national language, including Australia, Canada, England, and the US, where universities relied heavily on inbound fee-paying international students. In the UK, for instance, the pandemic has exposed deep-rooted flaws in how public universities were funded. Billions of pounds will be lost because of the decrease in international student numbers. The government's failure to stand behind the sector in this crisis has encouraged institutions to prioritise student recruitment over health and safety, with over 20,000 staff and students affected. In the US, the country’s situation is dire, with more than 500,000 COVID-19 related deaths to 31 January 2021.

In Australia, COVID-19 has propelled public universities into a crisis, highlighting the sector's longstanding strategic and structural weaknesses in its exposure to international markets, particularly China's market (Business Council of Australia, 2020). Research by the Mitchell Institute estimates 300,000 fewer international students – half the pre-coronavirus numbers – in Australia by July 2021 (Hurley, 2020). Australia has a higher proportion of international students than its counterparts in any other country, with international students in 2019 comprising almost a third of all higher education students. Approximately 160,000 (36.2%) of international student enrolments in the Australian higher education sector (AHES) (predominantly in public universities) was from China (DEST, 2019a; Hinton, 2020), with 20.5 per cent of students drawn from India (DEST, 2019a). In the aftermath of the virus, the income streams of universities from fee-paying onshore overseas students are at serious risk (Hewett, 2020). According to Carnegie, Guthrie and Parker (2020), “the prevailing market strategy of
marketisation is not looking durable or necessarily desirable”. As a result, it will be impossible for Australian public universities to avoid significant operational, social, and financial impacts.

This paper focuses on the financial risks to the Australian higher education system (AHES) using a case study of all eight public universities in Victoria. We examine their 2019 annual reports, including audited financial statements, focusing on their COVID-19 risk disclosures. We seek to answer three key research questions.

1. What is the quality of disclosures relating to COVID-19 in the 2019 annual reports of Victorian public universities?
2. What are the characteristics of the risk representations found in those annual reports?
3. How can Laughlin’s (1991) Habermasian organisational change diagnosis be applied to understand changes made in public sector universities because of the impacts of COVID-19 on social and financial risks?

Overall, we found a few disclosures about any risks to international student fees associated with COVID-19 in the annual reports. Those included were in a standard qualitative and neutral form and displayed no material content. We conclude these universities appeared unaware of, or reluctant to, discuss the potential financial shocks that stem from the crisis and their staff and students impacts. At the same time, Victorian universities made statements in the media about their predicted loss of income due to COVID-19. In contrast, university documents reveal morphostatic changes undertaken by universities to overcome the risk impacts of COVID-19. The inadequacy of disclosing significant risks in these annual reports provides evidence of false accountability and transparency concerning material risks.

The adoption of Laughlin’s Habermasian insights of change (Habermas, 1984; 1987; Laughlin, 1991; Broadbent & Laughlin, 2013), at the organisational level, provided us with a descriptive narrative of the process of changes, which needed to be investigated in greater depth to explore questions of how they might amass and interact (Bebbington, 2007). We believe the study's findings provide insights into the effects of the crisis and the higher education sector's future in any country that has become reliant on export income from fee-paying onshore international students.

The remainder of this article is structured as follows. Section 2 provides a background to the AHES and international students. Section 3 outlines the methodological approach adopted, and Section 4 presents the findings. Section 5 analyses the results from a Habermasian change
perspective. The final section discusses the implications of the study and offers concluding comments.

2. Literature review

New public management (NPM) and the ideology of neoliberalism have resulted in cultural and managerial changes in public sector organisations (Martin-Sardesai, Irvine, Tooley, & Guthrie, 2017). Critical elements of NPM are, among other things, disaggregation, competition, customer orientation and a focus on efficiency and performance measures (Parker, Martin-Sardesai, & Guthrie, 2019). NPM has given accounting and audit prominence and has radically transformed public sector funding, management, and accountability systems ((Shore et al., 2015; Parker et al., 2019).

Over the past four decades, the Australian government has been systematically restructuring the AHES according to NPM philosophy (Olssen & Peters, 2005), requiring adopting governance approaches, management practices and performance evaluation systems used in the private sector. The underlying aim is to produce greater efficiencies in the teaching and research activities of academics within universities (Barnabè & Riccaboni, 2007). This involves the state, as the politically and financially responsible authority, managing universities through regulatory legislation and budgetary policy. Neoliberal techniques for controlling universities facilitate “governance at a distance” while effectively intensifying central control by the government, and universities themselves have introduced highly centralised management systems (Marginson, 1993). Even though universities were becoming corporatised organisations with predominantly commercial agendas, their profitability, risk management and accountability are wanting when confronting the financial crisis brought on by the COVID-19 pandemic (Hewett, 2020).

Underpinning the corporatisation of the AHES has been a dependence on international education income, a situation that has been foisted on universities by the federal government (Ross, 2020). Research-intensive universities (the older sandstone universities) have attracted the highest share of earnings in Australia from international students. They have used the funds generate by international student fees to finance operations, research and new facilities, with up to 60 per cent of university research funding self-generated in 2019 (Universities Australia, 2020).

The international student funding source is no more, with (Universities Australia, 2020) modelling estimating that the pandemic's financial consequence will be far-reaching, with the
university sector potentially losing up to $30 billion to 2023. One potential outcome will be a
collapse in research capability (Universities Australia, 2020).

The scale of the lost income is immense. According to Ross (2020), tuition fees from Chinese
students constituted almost 20 per cent of revenue at Sydney's two most prominent universities
(UNSW and Sydney), a figure since revealed as an underestimate. Other journalists, academics
and policy analysts have warned for many years of the dangers of over-reliance on a single
source of income vulnerable on several fronts. For example, in August 2018, a report by the
Tertiary Education Quality and Standards Agency (TEQSA, 2018) warned about the Australian
higher education sector's overreliance on international students, particularly from China, and
to a lesser extent India and Nepal. Subsequently, Babones (2019a) warned of “massive
financial risks” to universities after he analysed data from dozens of statistical sources in
Australia and elsewhere to estimate the proportion of income contributed by fee-paying
students from China students at seven of Australia's most prominent universities.

Geopolitical tensions over Australia's treatment of international students, its legislation against
foreign interference, and potential disputes involving Chinese activities in places like the South
China Sea, Hong Kong, Tibet, Taiwan, and Xinjiang have frequently are risk factors disrupting
future Chinese enrolments (Guthrie, Linnenluecke, Martin-Sardesai, Shen, & Smith, 2021).
Despite the warnings of commentators about the sector's overreliance on international student
income and the 2018 government funding caps for domestic student numbers (Evans, Burritt,
& Guthrie, 2014; Sims, 2018; Babones, 2019; Robinson, 2019).

With the arrival of COVID-19 and international border closures, international student
enrolment is significantly down, and universities face future losses (or deficits) as well as cash
flow difficulties. Many have announced plans to restructure, with redundancy programs,
reduction in subjects and courses and reduced capital works (Martin-Sardesai, Parker, &
Guthrie, 2020). Estimates suggest up to 60,000 people will lose their job, with casual staff
already particularly hard hit. Before COVID-19, up to 70 per cent of Australian university staff
worked casually, with teaching, research and administration (Carnegie & Guthrie, 2020). As
of December 2020, public universities have announced reduced working conditions, voluntary
and compulsory redundancies, and other significant so-called savings measures (Carnegie,
Guthrie, & Martin-Sardesai, 2021). A whole generation of academics who depend on casual
roles whilst completing their HDR studies may be lost (Shepherd, 2020).
Further compounding the financial crisis facing Australian universities, the Federal Government excluded university staff from the “JobKeeper” wage subsidy program. Universities were denied any funds from the government's $259 billion economic stimulus package. The Minister for Education ruled out any government financial rescue package for public universities (Beeby, 2020) as an alternative announcing a range of measures falling under the government's “Job Ready” policy package that will make the financial crisis worse for the AHES faces (Guthrie et al., 2021).

3. Research Method

This investigation adopts a case study approach applying a Habermasian change diagnosis lens. Laughlin's Habermasian change perspective (Habermas, 1984; 1987; Laughlin, 1991; Broadbent & Laughlin, 2013) allowing us to analyse reactions to, and changes by, Australian universities in response to COVID-19. A case study enables a comprehensive exploration of the research questions and their theoretical underpinnings (Eisenhardt & Graebner, 2007; Baskarada, 2014). It allows for a descriptive, illustrative and exploratory frame or a combination of these (Parker, 2003; Yin, 2003). It also enables us to gain an intimate understanding of the organisational phenomena. We can triangulate data both within each university and across universities, yielding reliable and robust evidence (Baxter & Jack, 2008; Yang & Northcott, 2019).

This study's research method is a content analysis of the 2019 annual reports of public universities in the Australian state of Victoria. We use content analysis to identify how the COVID-19 risks disclosed, adopting a risk classification framework and risk categories (Guthrie, Rossi, Orelli, & Nicolò, 2020). The financial year ended on 31 December 2019 was used as this was the last data source available. Guthrie, Petty, Yongvanich, & Ricceri (2004, p. 288) highlight that “those conducting CA [content analysis] need to demonstrate the reliability of their instruments and the reliability of the data collected using those instruments to permit replicable and valid inferences to be drawn from data derived from the content analysis”. Likewise, researchers need to explain, reflect upon, and justify the choices made in making the data for readers to assess the merit of the conclusions drawn from that data.

In content analysis research, judgements mainly fall into four categories: type, magnitude, frequency, and quality. Type is a category to which a text unit belongs. Magnitude is the prominence of the category within a text unit. Frequency is how often a category occurs. Many attributes can measure quality, for example, tone, quantification, and time-orientation.
In our study, content analysis was undertaken of the PDFs of the 2019 annual reports of Victorian universities using the word search function of various key terms, including “COVID-19”; “Novel Coronavirus”; “virus”; “pandemic”; “international students”; “students”; “international education”; “financial risk”; “management risk”; “risk”; and “events occurring after reporting date/ balance date”. A file for each university containing the extracted data, relevant page references, and the date the annual report was tabled in Parliament.

We used a two-step process to analyse the data. The first step was to identify disclosure location and forms. These annual reports can be lengthy, with over 100-150 pages (1000 pages in total from eight annual reports analysed). The second step was to investigate the characteristics and categories of COVID-19 risk disclosure. After performing an inter-rater consistency test, two people were charged with coding to ensure reliability (Guthrie et al., 2004). As our first research question indicates, our focus was on the quality of disclosures relating to COVID-19 and fee-paying onshore overseas student income.

4. Risk Disclosure and Laughlin’s Habermasian Insights of Change Diagnosis

Risk defined as the uncertainty associated with potential gain and loss (Solomon, Solomon, Norton, & Joseph, 2000, p. 449). More specifically, Linsley and Shrives (2006, p. 389) define risk disclosures as any information disclosing to a reader any opportunities, prospect, hazard, harm, the threat of exposure that has already impacted or may give an impact upon the company or management in future. Effective risk management requires the early identification of risks, such as in annual reports, and the management of misinformation and other challenges.

Risk communication can improve the understanding of stakeholders of a company's social profile. A better level of risk communication allows stakeholders to be more aware of potential material changes. Arguably, the disclosure of risk information improves stakeholder understanding because an organisation can directly communicate the various risks it faces. This higher transparency level will make it significantly easier for external users to interpret the organisation's risks (Cabedo & Tirado, 2004).

In recent financial statements, risk disclosures are considered vital given accounting irregularities such as Enron, Parmalat, Worldcom, and Xerox and the pervasive concerns about risk during the global financial crisis. These highly published failures led to significant public mistrust in the financial statements of companies (Hill & Short, 2009). The IASB practice statement suggests that management commentary should include a description of “the Entity's
principal risk exposures and changes in those risks, together with its plans and strategies for bearing or mitigating those risks, as well as disclosure of the effectiveness of its risk management strategies” (IASB, 2010, p. 13). The IASB (2010) also states the following: “Management should disclose its principal strategic, commercial, operational and financial risks …”.

This study focuses on the financial year ending 31 December 2019 to understand the extent of risk disclosure communication about COVID-19, which spread to Australia in January 2020. We adopt the descriptions of risks derived from Guthrie et al. (2020). These include financial risks relating to financial transactions, investments, potential financial losses, and non-financial risks, including operational risks, empowerment risks, information processing and technology risks, integrity risks, and strategic risks. Operational risks cover changes in value caused by actual losses instead of expected losses, resulting from inadequate or failed internal processes, people, systems, or external events. These include risks related to fraud, security, privacy protection, legal and physical risks. Operational risks also embed “bigger risks” related to environmental, social and sustainability issues. Strategic risks arise from pursuing an unsuccessful business plan, making poor business decisions, poorly executing those decisions, inadequate resource allocation or a failure to respond to changes in the business environment.

The study uses Laughlin’s Habermasian insights into change diagnosis within organisations (Habermas, 1984; 1987; Laughlin, 1991; Broadbent & Laughlin, 2013) as a lens to develop insights into the changes brought on public sector universities because of the impacts of COVID-19 on social and financial risks. Under the Habermasian change perspective, an organisation's responses to environmental change intended to bring about a new equilibrium. Specifically, there are two major pathways of the first and second-order change. First-order change is known as “morphostatic” and second-order “morphogenetic” (Habermas, 1984; 1987).

Both types of change reveal different routes to the three dimensions of an organisation, its interpretive schemes (lifeworld), its design archetypes (steering media), and its subsystems (systems). The morphogenetic pathway involves a more significant and fundamental change in an organisation's interpretive scheme resulting in long-lasting changes (Broadbent & Laughlin, 2013; Martin-Sardesai et al., 2017; Parker, 2020). The morphostatic change is less significant, producing slight, short scale changes in design archetypes and subsystems. Organisations that impacted bring about a reconfiguration of their design archetypes, and subsystems.
In an ideal situation, at the organisational level (universities), the design archetypes should be aligned with subsystems, all acting in harmony with the interpretive scheme (Broadbent & Laughlin, 2013). At the level of a university, COVID-19 represents an environmental disturbance. University managers mediate external relations and fashion strategies, becoming “their own switching station, between the external pressures and the internal changes they want to achieve” (Marginson & Considine, 2000, p. 9). The greater the magnitude of the disturbance, the greater the chance of change.

This study identifies COVID-19 as an environmental or external disturbance and the interpretive schemes of universities as their strategic positioning, including their vision and mission. As the design archetypes, including decision-making protocols and procedures and various communication channels, the organisational structure ensures that the systems are compliant with the interpretive schemes of universities. In the case of universities, these could include staffing changes, new teaching models, and mindset changes concerning campus operations realised in terms of their location, number and public accessibility (Martin-Sardesai et al., 2017; Bebbington, 2021). Finally, the subsystems are the physical resources of universities (Broadbent & Laughlin, 2013; Martin-Sardesai et al., 2017). This provides us with a language to analyse the relationship between the external environment and its internal workings.

5. Findings

In our first step, we identified where risk-related information on COVID-19 appeared in annual reports and the form of such disclosure. Table 1 summarises the location of the disclosures made.

Insert Table 1 about here

All eight Victorian universities provided disclosure of COVID-19 in Events Occurring (EO). The notes issued by all eight universities were similar and are standardised. The following by Victoria University was in substance in all the annual reports:

Since the reporting period ending 31 December 2019, the Coronavirus (COVID-19) outbreak in Wuhan (China) has developed, causing worldwide uncertainties resulting in travel restrictions, and creating major volatility on equity markets. Whilst the university has developed a digital platform to allow students to undertake studies online, the various impacts of COVID-19 may make it more difficult for international students to complete one or more semesters. This could lead to significant reductions in student revenue, possibility of refund of enrolment fees, investments could be
adversely impacted due to global market volatility, possible global recession and international debtors impacted and their ability to repay outstanding debt.\(^5\)

Given the extent of this wording among the university group, we have labelled this form of consistent disclosure as “boilerplate”. In this standardised paragraph, there are no financial estimations of the anticipated or expected impacts.

The following sentences appear in Monash University's disclosure in the Vice-Chancellor's Statement about the pandemic:

At the time of writing, we are in the midst of the COVID-19 global pandemic. Monash University has been closely monitoring the situation and making decisions in relation to our operations, based on advice from the World Health Organization, Federal and State governments, and Chief Medical Officers.\(^6\)

Only one Victorian university – The University of Melbourne (UoM) – provided an estimate of the potential financial impacts, but only on investments:

Some key areas of anticipated impact include: … An expected change in investment income and investment values, due to a decline in equity markets. For the three-month period to 31 March 2020, the unrealised loss through the income statement was $189,030 million, predominantly due to share market movements during the three-month period. Investment transactions were also undertaken by the university during this time.\(^7\)

Many of the universities had the following statements concerning financial markets and going concerns. RMIT University, in part, stated:

The university is actively managing this developing situation and will continue to monitor the non-financial and financial impacts of COVID-19 on its operations, and has put in place various mitigation strategies that will ensure it will remain a going concern for at least 12 months. Measures being taken include reducing discretionary spend, implementing additional controls on recruitment and increasing the learning content available to students via on-line/digital mechanisms.\(^8\)

The 2019 Annual Review of the Victorian Auditor-General's Office (VAGO) dated 30 June 2020 (VAGO, 2020, p. 25) stated the following significant audit matter:

Because the COVID-19 emergency was a post balance date event, it did not cause any amounts reported at 31 December 2019 to be adjusted. However, universities had to assess the impacts of the government's response to the COVID-19 pandemic on their operations and ability to continue to operate as a going concern for the following 12 months. Universities also had to determine appropriate disclosure of these impacts in post balance date event notes of their financial reports (VAGO, 2020, p. 25).

Table 2 presents the key findings of our analysis of the risk disclosures associated with pandemic and international student income. Regarding risk categories, 13 disclosures had a
financial risk component and eight an operational risk component, with no instances of strategic risk disclosure identified.

Insert Table 2 about here

We identified disclosures according to three characteristics: metrics, outlook, and tone of risks disclosed. In terms of metrics, only The University of Melbourne's report had a monetary element, which was limited in nature. The other 20 disclosures were non-monetary or qualitative. There were 21 disclosures for outlook, 10 of which were future-looking, nine were current, and two were retrospective. In terms of the tone of disclosures, 19 identified as neutral, and two identified as good news.

Notably, of the 21 disclosures analysed, 20 of those concerning the pandemic and the impacts on international student income were entirely non-monetary. That is, disclosures were qualitative, neutral and classified as “boilerplate” risk disclosure.

An example of boilerplate risk disclosure illustrated below as extracted from the annual report of Deakin University:

Due to this significant uncertainty surrounding the COVID-19 outbreak and the government's response to this, it is not possible to estimate the full impact on the university's operations, financial position and cashflows at this point in time. This being the case, the university does not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the group at this time.\(^9\)

That is, from over 1,000 pages in this group of eight annual reports, only 19 paragraphs disclosed the risk of the pandemic on income sources from international student enrolments. Further, given their generic nature, these risk disclosures had little information content.\(^10\) Overall, the risk disclosures in the annual reports examined were inadequate concerning the materiality of the risk posed to universities by the pandemic and the consequences for income derived from fee-paying onshore overseas students.

Many professional or expert public statements and guidelines on non-financial risk disclosure are focused at the organisational level. However, the types of risks involved are at the macro level and not within an individual organisation's control. Despite this, the macro risks need to be planned for and modelled at the organisational level. Significant non-financial risks include (but are not limited to): environmental risks (including climate-related risk); social risks (including understanding changing social norms); supply chain transparency and other supply
chain risks, including freight disruption risks; health and safety risks (including global pandemic risks); and technology risks (including business continuity).

6. Discussion and Concluding Comments

The study’s findings indicate that disclosures related to the impacts of the virus and income from international students were virtually non-existent in financial terms. The boilerplate nature of disclosures suggests a lack of transparency on the part of the universities. Further, the annual reports were not publicly available until they were tabled in the Victorian Parliament on 2 June 2020.

Yet, outside the 2019 annual reports, a different story was being shared by university VC leaders. During April and May 2020, various public universities made statements in the media about their predicted significant loss of income from international students (Davis, 2020; Hunter, 2020). Universities were planning cost-cutting, employee redundancies.

Informed by Laughlin’s Habermasian insights of change diagnosis, the changes of universities constitute a morphostatic change. Universities have quickly changed their design archetype to adopt heavy cost-cutting programs, to operate within much-reduced income levels. The morphostatic change arose when organisations impacted move to adapt by either rebutting the external shock or responding by reorienting. However, universities will have to engage in morphogenetic change over the longer-term, the more fundamental change where organisations aspire to reorient their interpretive schemes. Australian public sector universities will need to reconsider their critical values and strategic positioning. This may include a reconfiguration of design archetypes. For example, Bebbington (2021) argues that Australian universities need to re-evaluate from their tuition fees, course delivery, student support, administration, teacher development and international partnerships to their size, infrastructure, academic calendar, fundraising, employment arrangements and participation in global rankings.

Similarly, Bebbington (2021, p. 165) points out that “… the unprecedented disruption brought about by COVID-19 signals a once-in-a-generation opportunity for a strategic transformation of universities, toward more differentiate character and missions of each university, and a resizing of each university and its resources to fit new, more focused goals”. This strategic development, stimulated by the impact of COVID-19, will bring about morphogenetic change that is more fundamental and long-lasting. University leaders are on record as acknowledging
the inevitability of this kind of change. For instance, Hunter (2020) identifies that, in a report of 7 April, the Australian National University (ANU) Vice-Chancellor stated that “the country's universities will be permanently ‘transformed’ by the COVID-19 crisis and a new higher education system must be developed as revenue from international students dries up”. The Vice-Chancellor also stated that “hard decisions” would need to be made by universities as the crisis unfolded and indicated that “government and universities had to start ‘co-designing the future’ for the sector”. Further, the ANU Vice-Chancellor identified the need for a comprehensive strategy to be developed and adopted to make universities “fit for purpose” in 2022 and beyond.

Regardless of what 2021 brings, universities will adopt morphogenetic changes in the short, medium, and long term, with universities bringing about critical values and related high-level thinking in strategic positioning, including different domestic strategies and international students. Hence, while universities are undergoing morphostatic change to deal with the immediate impact of COVID-19, the current crisis offers an opportunity to fundamentally rethink the role of the public university sector in a broad sense and how it engages with key stakeholders such as academics and students. The Australian Association of University Professors (AAUP) argued that the financial crisis in the AHES and the substantial threat to academic employment and career opportunities are the inevitable results of the overriding view of education as an export commodity, according to which universities are just another means of growing the economy (AAUP, 2020). Is this the role of a public university? In answering “no” to this question, Guthrie & Dumay (2020, p. 3) argue:

Universities are so much more than a revenue stream. They stand at the centre of our modern knowledge-based democracy. They are bulwarks against misinformation in social media, the lure of demagogy, non-democratic foreign influences, and the abuse of artificial intelligence through their ability to ‘vaccinate’ all society members by education.

This paper makes three contributions in examining risk disclosures and organisational change due to changes in the environment, such as the COVID-19. First, it contributes to the literature on accounting disclosures and organisational change. Second, its findings have implications for practice, providing useful insights for both regulators and universities required to respond to such changes in the environment. Third, the importance of Laughlin’s Habermasian perspective of change continues to provide us with a language to undertake an analysis of the findings, which adds richness to the study of organisational changes (internal workings) due to sudden impacts stemming from the external environment. Indeed, COVID-19 has provided a
once in a generation opportunity for a strategic transformation of universities. The
Habermasian perspective, as adopted, provides a means of identifying fundamental change
dynamics as public universities continue to respond to this alarming financial and social crisis.

Despite its many advantages, the case study method has limitations in that its findings relate to
a single project or small clusters of projects. However, insights from this research study on the
effective management of change in the AHES from all public universities in Victoria are
relevant to other university organisations nationally and internationally. An extension of this
research may include comparing the impact of COVID-19 on public sector universities across
different countries. An appealing focus in the future would be examining the way leaders of
universities attempt to bring about morphogenetic changes within their universities and the
nature, magnitude, and consistency of such changes.
References


