

# Promoting Sustainable Learning Through Development-Oriented Financial Aid and Institutional Support: A Proposed Framework on Student Engagement

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## Abstract

*Student engagement plays a critical role in fostering academic success and holistic development in higher education. In China, the transition toward development-oriented financial aid marks a strategic shift from traditional monetary support to empowering student growth and resilience. Grounded in Conservation of Resources Theory and Attribution Theory, this study proposes a conceptual framework to explore how development-oriented financial aid and perceived institutional support influence student engagement.*

*The framework identifies development-oriented financial aid and perceived institutional support as key predictors of student engagement. It also introduces financial aid attribution as a moderating variable, highlighting how students' interpretations of the aid—whether seen as a reward, a necessity, or a strategic institutional gesture—may influence the strength of these relationships.*

*The Conservation of Resources Theory posits that external resources, such as financial aid and institutional support, enable students to safeguard and build personal, psychological, and academic capital, thereby promoting engagement. Attribution Theory further suggests that students' perceptions of the intent behind such support significantly shape their motivation and behavioral responses.*

*By integrating these theoretical perspectives, the proposed framework contributes to a deeper understanding of how support mechanisms affect student outcomes. It also offers practical implications for improving financial aid policies and institutional support services to enhance student engagement across Chinese higher education institutions.*

**Keywords:** *Development-oriented financial aid; perceived support; student engagement; financial aid attribution; higher education*

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## INTRODUCTION

Student engagement is closely related to students' academic outcomes, persistence, and personal growth throughout higher education (Wong & Liem, 2022; Tinto, 2023). It reflects how students think about learning, how they feel during their studies, and how actively they participate in academic and campus life (cognitive, emotional, and behavioral engagement) (Upadhyaya, 2023; Faro et al., 2025). In Chinese higher education, student engagement has become a growing concern as institutions look for better ways to support student success in an increasingly competitive environment with limited resources (Zhang, 2023).

One important change shaping student engagement in China is the shift from traditional need-based support to Development-Oriented Financial Aid. Rather than simply easing financial pressure, this approach focuses on helping students grow, gain confidence, and plan for the future (Li & Mu, 2024). It also reflects national efforts to build skilled talent and reduce gaps in educational access. While the policy direction is clear, how this form of aid affects students' everyday engagement in learning and campus life remains underexplored.

Perceived institutional support is another factor that influences students' perception of their status in the university, apart from financial aid (Vargas-Madriz & Konishi, 2021). When students can smoothly obtain help through counseling, career services or emotional support, they are more likely to continue to engagement (Huang & Turner, 2018; Zhang et al., 2023). However, how these supports and financial aid work together with psychological needs factors has still not been well understood.

This study attempts to propose a conceptual framework to explain or verify how development-oriented financial aid and perceived institutional support affect the student engagement of Chinese university. This model holds that basic psychological needs serve as the key link between external support (financial aid and perceived institutional support) and student engagement. Basic psychological needs can help explain how external support affects students' greater engagement in their academic lives. It also includes

financial aid attribution as a moderating factor, based on Attribution Theory (Weiner, 1985), this model also takes economic aid attribution as a moderating factor to capture how students' views on the purpose of economic aid affect the relationship between basic psychological needs and participation. By combining policy and psychological factors, this framework provides a clearer picture of student participation in the context of development-oriented reform in higher education.

## **2. Theoretical Background and Literature Review**

### **2.1 Development-Oriented Financial Aid and Perceived Institutional Support**

In recent years, with the improvement of the quality of higher education in China, student financial aid in Chinese universities has gradually shifted from the welfare-based financial aid model to the development-oriented student financial aid model (Li & Mu, 2024). The model has shifted from merely focusing on reducing students' financial burden to increasingly emphasizing the promotion of students' ability improvement and mental health. It encourages student engagement through various support services, thereby achieving the goals of enhancing students' abilities, promoting academic progress and personal development. Development-Oriented Financial Aid (DOFA) includes a range of services designed to strengthen students' abilities, motivation, and involvement in academic and social activities, involves career counseling, academic workshops, mentoring, and structured support programs (Wu, 2024).

Perceived Institutional Support (PIS) refers to students' perception of their institution helps improve their academic skill development, participation, and buoyancy (Gbobaniyi et al., 2023). This includes the academic support, psychological services, responsive faculty, and a supportive environment that promotes inclusiveness that students can perceive. Research has found that students who feel more supported tend to be more motivated and more likely to engagement (Vargas-Madriz & Konishi, 2021). DOFA and PIS together form two important support systems, providing students with material and psychological resources.

The Conservation of Resources (COR) Theory (Hobfoll, 1989) provides a guiding framework for understanding the role of DOFA and PIS in shaping student engagement. COR indicates that people seek to acquire and maintain resources such as skills, support, and emotional energy to help them manage stress and achieve their goals. Financial aid and institutional support can serve as these external resources. By reducing stress and meeting basic psychological needs, students can focus more on their studies and actively engagement in college life.

### **2.2 Basic Psychological Needs as a Mediator**

The influence of external resources such as financial aid and institutional support on student engagement is often generated through internal psychological processes (Li & Mu, 2024). A key factor that helps internalize external resources into intrinsic motivation is the satisfaction of basic psychological needs (Hutomo & Kurniawati, 2024). When needs are met through external support, students are more likely to maintain motivation and engagement in their academic lives (Autin et al., 2022).

Students who perceive that external resources can support their autonomy (making choices freely), competence (believing in their own abilities), and connected to others (feeling supported by those around them) tend to be more deeply engage in learning (Vargas-Madriz & Konishi, 2021). Development-oriented financial aid and perceived institutional support can support these feelings. These support measures are designed to enhance capabilities and promote the all-round development of students. It allows students to set their own goals and reflect on their progress can help them feel under control. Students gain more competence when receiving guidance or participating in skills-building activities. A respectful and inclusive campus environment strengthens their sense of connection.

There is a close connection between the satisfaction of psychological needs and student engagement. According to the research by Buzzai et al. (2021), students with higher need satisfaction are more engaged both emotionally and behaviorally. More recently, Gong & Xu (2024) found that students who feel supported by their schools and their financial aid policies are more motivated, and this effect is largely due to the satisfaction of basic psychological needs. An educational environment that supports psychological needs can promote student vitality, engagement, and resilience (Wu et al., 2020; Li et al., 2024).

Therefore, this study indicates that basic psychological needs play a central role in linking external support

(DOFA and PIS) with student willingness to actively engagement in education.

### **2.3 Financial Aid Attribution as a Moderator**

Since external support needs to be internalized as students' internal motivation to influence their behavior, in addition to the actual external support that students receive, how they understand and interpret this support will also affect their participation behavior. According to the attribution theory (Weiner, 1985), attribution can be divided into internal attribution and external attribution. People can better understand their own and others' behaviors through attribution. By analyzing the causes of behaviors and predicting others' behaviors, they can better adapt to the social environment and make reasonable decisions. These explanations can affect an individual's feelings, motivations and behavior.

Financial aid attribution describes students' understanding of why they are supported (Li et al., 2024). When they receive financial aid, students may think that the reason they are supported is because of their efforts or as a response to their financial difficulties. These different viewpoints can lead to different emotional and motivational responses (Gabat-Lopez et al., 2023). Financial aid is attributed to the fact that their efforts will influence students' future behavior and may encourage students to participate more actively. On the contrary, regarding it as a kind of charity or obligation may reduce motivation or increase a sense of shame.

This study holds that economic aid attribution alters the impact of basic psychological needs on student engagement (Xu et al., 2023). When students understand financial aid as active support from institutions, the connection between psychological need satisfaction and participation will become stronger. However, if assistance is regarded as negative, it may not lead to active participation (Curtis et al., 2023). In this way, students' attribution of financial aid strengthens or weakens the impact of institutional and financial support on their daily engagement.

## **3. Proposed Research Framework**

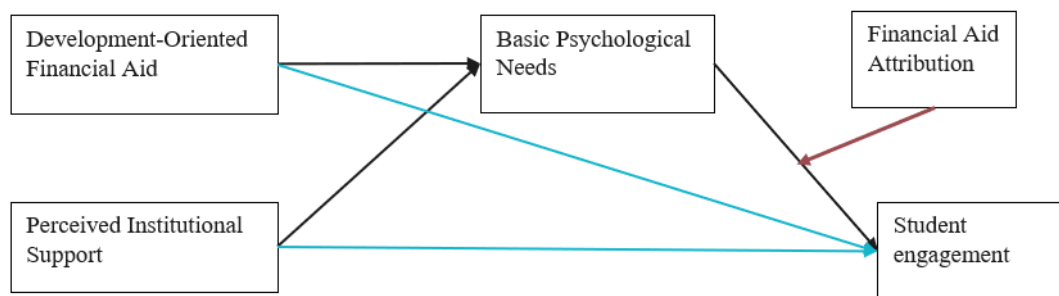
Based on the resource conservation theory and attribution theory, this study designed a framework to explore the mechanisms by which Developmental Economic Assistance (DOFA) and Perceived Institutional Support (PIS) affect student engagement (SE) in higher education in China. In this framework, the perceived support obtained and the internalization and attribution process of resources can all influence students' engagement behaviors.

### **3.1 Conceptual Model**

This framework explores the relationship among development-oriented financial aid (DOFA) and perceived institutional support (PIS), basic psychological Needs (BPN), financial aid attribution (FAA), and student engagement (SE). In this model, DOFA and PIS are regarded as independent variables, and SE is regarded as the dependent variable. These support as external resources, can support student engagement. At the same time, it may also affect students' internal motivation, thereby indirectly influencing student engagement. Meanwhile, the perception of the outcome of financial aid may influence further behavior, which reflects how students explain the reasons behind accepting the aid. Some students may consider this as an endorsement or investment, while others may see it as an obligation or necessity. These explanations will affect the degree of actual engagement. Using the Resource Conservation Theory (COR), this model assumes that DOFA and PIS help students accumulate internal resources that support continuous engagement. Attribution theory further explains how students' beliefs about aid affect the impact of these resources, especially the connection between psychological needs and participation.

### **3.2 Conceptual Framework Diagram**

This framework combines external support, internal psychological processes and personal explanations to explain student engagement. This indicates that although development-oriented financial aid and institutional support provide a foundation, their impact depends on whether students feel psychologically supported and how they understand the aid they receive.



Based on the Conservation of Resource Theory (COR) and attribution theory, this framework combines external support, internal psychological processes and individual explanations to provide a more comprehensive explanation of student engagement.

### 3.3 Hypotheses

Development-oriented Financial Aid (DOFA) has been proven to have an impact on students that goes beyond the single form of aid that only focuses on financial support. Support measures such as career guidance and capacity building programs can promote students' sense of purpose and active engagement in learning (Wu, 2024). By providing growth-oriented support, students' psychological needs can be met and their willingness to invest in academic activities can be enhanced. Similarly, when students feel supported through accessible services and positive relationships with staff, they are more likely to stay motivated and engaged (Gbobaniyi et al., 2023).

**H1:** There is a positive relationship between Development-Oriented Financial Aid (DOFA) and Student Engagement (SE).

**H2:** There is a positive relationship between Perceived Institutional Support (PIS) and Student Engagement (SE).

The aim of Development-Oriented Financial Aid (DOFA) is not only to provide financial resources but also to offer student development programs, thereby enhancing students' confidence, sense of control and connection with the university (Li et al., 2024). Perceived Institutional Support (PIS) creates an environment where students feel valued and empowered. Through these supports, it can enhance the satisfaction of students' basic psychological needs (BPN) (Buzzai et al., 2021). Studies show that students with a high degree of satisfaction of basic psychological needs tend to be more engaged in academic life (Gong & Xu, 2024). These mental states help to transform support into action.

**H3:** There is a positive relationship between Development-Oriented Financial Aid (DOFA) and Basic Psychological Needs (BPN).

**H4:** There is a positive relationship between Perceived Institutional Support (PIS) and Basic Psychological Needs (BPN).

**H5:** There is a positive relationship between Basic Psychological Needs (BPN) and Student Engagement (SE).

When external support leads to the satisfaction of psychological needs, it may create a pathway toward deeper engagement (Xin, 2022). Thus, psychological needs are expected to serve as a bridge between support and student outcomes.

**H6:** Basic Psychological Needs (BPN) mediate the relationship between DOFA and SE.

**H7:** Basic Psychological Needs (BPN) mediate the relationship between PIS and SE.

At the same time, how students interpret the intent behind financial aid can influence student psychological needs and engagement (Xu et al., 2023). According to Attribution Theory (Weiner, 1985), if students believe the aid reflects trust in their ability, they may feel more motivated. In contrast, if it is viewed as simple relief, the impact may be weaker.

**H8:** Financial Aid Attribution (FAA) moderates the relationship between Basic Psychological Needs

(BPN) and Student Engagement (SE).

#### **4. Implications and Future Directions**

This framework provides insights for education policymakers and researchers and offers ideas for future empirical research. It is undeniable that this framework also has some limitations. Future research can be expanded on this basis to construct a more complete understanding of student engagement, especially under the development-oriented financial aid policy in China.

##### **4.1 Policy and Practice Implications**

Most importantly, this framework recognizes that the structure of financial aid and the interaction with students during the support process are as important as the aid itself. When development-oriented financial aid aims to promote students' long-term growth, it not only supports their financial needs but also their motivation and engagement in college life.

Secondly, institutional support must not merely offer a policy; it should also be visible, accessible and in line with students' expectations. From the perspective of resource conservation, universities promote student engagement by enhancing students' intrinsic abilities through supporting them.

Thirdly, the significance of attributing financial aid indicates that institutions need to be aware that how students interpret the purpose of the aid also plays a crucial role in influencing students' behaviors. When aid emerges as an investment in students' development rather than as an obligation, it can shape a more positive attitude and enhance engagement. Especially during the funding process, appropriate funding methods and proper publicity and guidance should be the work that universities should and must carry out.

##### **4.2 Future Research Directions**

This study combines conservation of resource theory with the attribution theory to design a proposed framework based on student development-oriented financial aid policies that integrates external support, internal psychological satisfaction, and student engagement behaviors. This framework lays the foundation for future empirical research. Researchers can conduct relationship verification through quantitative studies and test the proposed relationships among different types of institutions and student groups in China using tools such as structural equation models. Qualitative methods can also be used to explore how students form their views on financial aid and how these explanations vary depending on social or educational backgrounds.

Although this framework is centered on student engagement, future work may include other theories and variables to establish a more complete situation of student engagement. Cross-national comparisons can also be employed, especially in countries that have undergone similar financial aid reforms, which may also expand the understanding of how the context affects the dynamics of support student engagement.

#### **5. CONCLUSION**

This study initially drafted a conceptual framework to explore how development-oriented financial aid and perceived institutional support affect the engagement of Chinese university students. This model draws on the conservation of resource theory and the attribution theory to construct the relationships among the variables in the model. External support, on the one hand, may reduce resource constraints and promote student engagement; on the other hand, it helps students enhance the satisfaction of their basic psychological needs, thereby influencing student engagement. The students' explanations of this support further shaped their responses, and different attributions also influenced students' behaviors. This framework emphasizes the important mediating role of basic psychological needs, indicating that the support system can enhance student engagement when strengthening students' autonomy, ability and sense of belonging. The attribution of financial aid affects the relationship between demand satisfaction and engagement. This study provides guidance for student development-centered support through a more comprehensive perspective. With the development-oriented financial aid policies, this framework can guide the design of future financial support projects. It prompts universities to consider not only the types of support students receive, but also how they view and internalize such support, ultimately establishing a more effective and sustainable higher education financial aid system.

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