

Driving Innovation Through Financial Literacy, Entrepreneurial Mindset and Ecosystem Inclusivity: Evidence from Rwanda's Landscape

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Abstract:

Understanding individual-level innovation is crucial in resource-constrained contexts, where the mechanisms driving innovation differ significantly from those in advanced economies. While innovation plays a fundamental role in shaping the global economy, existing literature remains disproportionately focused on developed countries, leaving a gap in understanding how innovation emerges in underdeveloped regions. This study theorizes the influence of individual-level factors on innovation in resource-constrained settings. Specifically, we examine the role of financial literacy, entrepreneurial mindset, and an inclusive environment that fosters participation in innovation. To empirically test our hypotheses, we conducted a survey targeting university students in Rwanda—future entrepreneurs and innovators who will shape the country's economic landscape. Rwanda presents a distinctive socio-economic environment, offering both challenges and opportunities for innovation. Our findings provide significant theoretical and practical contributions. Theoretically, we extend the literature by integrating individual-level determinants into the broader discourse on innovation in developing economies. Our research highlights financial literacy as a critical driver of innovation, demonstrating how individuals with higher financial knowledge are more likely to engage in innovative activities. Our study informs policymakers by emphasizing the need for targeted strategies that enhance financial literacy and innovation capabilities, ultimately supporting sustainable development.

Keywords:

Financial Literacy, Innovation, Entrepreneurial Mindset, Resource-Constrained Contexts.