

Dysfunctional Decentralization in Innovation Funding: How Fragmented Ecosystems Undermine Discovery and Scale

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Abstract

Many regions fund innovation through a patchwork of platforms and programs. Using multi-case evidence from industry partnerships and association-led initiatives, we show how decentralized governance creates parallel structures, search blindness, and sub-scale experimentation that inhibits venture-client adoption and technology transfer. We propose a simple design heuristic—“few hubs, many options”—combining open calls, venture-clienting, and shared evaluation KPIs to increase discovery rates while keeping optionality high. A comparative analysis (mobility, energy, agriculture) quantifies time-to-prototype, follow-on contracts, and ecosystem spillovers. We discuss policy levers to reduce redundancy and align incentives across corporates, startups, and intermediaries.

Keywords

Innovation ecosystems, venture clienting, decentralization, platform governance, policy mix, KPIs.