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Building sustainable competitiveness futures through transformative research

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The analysis of territorial competitiveness has been influential since the 1990s, when frameworks emerged emphasising relationships between company performance and a range of factors in national or regional environments (OECD, 1992; Porter, 1990). A Porterian approach to analysing the ‘microeconomics of competitiveness’ underscores the competitiveness indices that are commonly used to benchmark countries and regions as a guide for economic development policy, and indeed provides a meeting ground for a range of other theories, including economic growth and development theories, institutional theories, and behavioural theories of regional development (Huggins and Thompson, 2017).

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While such competitiveness frameworks are good at recognising the importance of territorial context and facilitating a nuanced understanding of the key characteristics of those contexts that impact on economic development, there is a pressing need to imbue analysis with directionality that goes beyond productivity and economic growth and reflects desirable end results of competitiveness (Aiginger and Firgo, 2017; Orkestra, 2021; Wilson, 2008). This need has become increasingly acute during recent years as focus has sharpened on the urgent need for economic development to be environmentally and socially sustainable.

At a global level the United Nations' *Sustainable Development Goals* are playing a key role in driving forward a broader-based development agenda, as are data tools such as the OECD's *Better Life Index*. In Europe, industrial policy has been oriented towards the green transition of industry for several years now (European Commission, 2019, 2021), with the European Green Deal providing an overarching strategy (European Commission, 2019). Yet the landmark Draghi Report on the future of European competitiveness, published in September 2024, has been widely seen as a call to action to urgently address weaknesses with the *status quo* (Draghi, 2024). Alongside its emphasis on the need to accelerate innovation in Europe, increase security and reduce dependencies, it highlights the need to decarbonise as a competitiveness strategy and to preserve social cohesion, avoiding some of the negatives of the US competitiveness model. Indeed, rising inequalities, increasing populism, demographic shifts, and the socioeconomic impacts of the COVID-19 pandemic and the conflict in Ukraine are all shining a spotlight on the sheer scale of social challenges that need to be addressed.

In this context it is imperative that tomorrow's competitiveness strategies are more sophisticated than yesterday's competitiveness strategies, and, most critically, that they are better able to build competitiveness futures that are environmentally and socially sustainable. Rising to this challenge raises questions about the roles that academic research can play, both in terms of conceptualising territorial competitiveness and in terms of orienting and articulating meaningful action among decision-makers from business and government in an increasingly complex context. Indeed, as businesses, governments, and societies grapple with inter-twined processes of technological, social and green transition, it is widely acknowledged that universities, research institutes and individual academics have key roles to play in helping the territories where they are based navigate emerging challenges as part of their third mission (Aranguren *et al.*, 2021; Arro-

na *et al.*, 2023; Benneworth and Fitjar, 2019; Canto-Farachala *et al.*, 2018; Goddard and Puukka, 2008; Goddard *et al.*, 2013; Laredo, 2007).

These roles are visible, for example, in the engagement of higher education institutions (HEIs) in regional smart specialisation strategies (S3) (Canto-Farachala *et al.*, 2022; Edwards *et al.*, 2017), where they frequently combine their more traditional role in skills development and alignment with direct engagement with businesses, entrepreneurs and intermediate institutions that shape regional strategies. Research institutes, as specific types of HEIs, have also been studied as living labs from which lessons can be drawn by universities more broadly when it comes to proactively engaging in transformative research processes with other territorial actors (Canto-Farachala *et al.*, 2024).

Yet while universities are widely expected to make significant contributions to regional sustainability transition processes and policies (Trippel *et al.*, 2023), in practice they still face important challenges to be able to proactively engage with other territorial actors in ways that jointly address specific territorial challenges. These challenges include developing new incentives that recognize engagement in career progression indicators (Benneworth, 2017; Watermeyer, 2015) and developing new capabilities among researchers such as the ability to handle power relations, to listen and communicate in real, multi-directional dialogues, and the ability to mediate (Aranguren *et al.*, 2016; Karlsen and Larrea 2014; Oswald *et al.*, 2017). In this sense, there is a tension between a model of university focused on quantitative success in traditional metrics, professional specialisation and competition, and a model based on action research and stakeholder engagement that can coalesce in integrated learning labs (Giesenbauer and Tegeler, 2020).

As universities, and the academics who work there, adjust to new and constantly evolving demands for engagement that can meaningfully contribute to future regional competitiveness and societal well-being, there are two key sets of questions that require ongoing reflection. Firstly, **what for?** What is territorial competitiveness? What will shape the competitiveness of territories in the future? How is territorial competitiveness related to sustainability? How is territorial competitiveness related to well-being? In short, what should the future competitiveness of regions look like? Secondly, **how?** How can we contribute as researchers to the sustainable competitiveness of our territories? Which strategies, methodologies, institutions and capabilities are needed to do transformative research related to territorial competitiveness in practice? In short: what is

needed to effectively develop research that is transformative and has a real impact on the future competitiveness of places?

To discuss these issues, Orkestra (the Basque Institute of Competitiveness) hosted an international workshop at the San Sebastián campus of the University of Deusto in June 2023. During the workshop, participants shared ongoing research on the two sets of questions posed above and were invited to develop full contributions. Said contributions, together with the ones we received through the open call made by this journal, made this special issue possible. We hope to inspire further reflection and debate on the subject among the wide array of territorial actors that regularly read this journal and in so doing to plant a small seed in the way of future collaboration that helps us build sustainable competitiveness futures through transformative research.

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