

Using the city as an innovation playground: getting corporations into the game

Anita Fuzi*

Limitless SARL, 18 Rue des Pres, 8147 Bridel, Luxembourg

E-mail: anita.fuezi@limitless.lu

* Corresponding author

Lidia Gryszkiewicz

The Impact Lab, 29 Boulevard de la Grande Duchesse Charlotte, 1331 Luxembourg, Luxembourg

E-mail: lidia.gryszkiewicz@theimpactlab.org

Dariusz Sikora

Limitless SARL, 18 Rue des Pres, 8147 Bridel, Luxembourg

E-mail: dariusz.sikora@limitless.lu

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Today the way we work has fundamentally changed. The new workspace where people wish to work is collaborative, mindful, ageless and intuitive. As such, work is rather perceived as an activity where collaboration plays a key part. When people collaborate, they work 15% faster and 75% better on average, and feel 60% more innovative and 56% more satisfied (SIGNAL, 2017). Collaboration and innovation are high on the agenda for corporates when it comes to finding the most appropriate contemporary workspace solution. In the past years, we have been witnessing a booming trend in the number of coworking spaces. To date, research talks about 13,800 coworking spaces with 1.2 million members worldwide (Deskmag, 2018). Coworking spaces are shared spaces for mutual support, efficiency, and potentially serendipitous interaction where typical inhabitants are entrepreneurs, freelancers and start-ups. Nevertheless, also more and more corporates are starting to integrate coworking into their business strategy. What drives them towards coworking is enhancing collaboration, increasing productivity and creativity, attracting the best talent, and optimising space utilization. One example of how corporates can benefit from the coworking culture is temporarily moving a team to a coworking space for a fully facilitated ‘bootcamp’ to inject creativity and innovation into a concrete department or project. The present article provides three brief empirical illustrations on how corporates can partner with coworking spaces with the aim of increasing employee and team innovation, and potentially contribute to urban innovation.

Keywords: corporate innovation; coworking; collaboration; urban innovation

Coworking as the manifestation of urban innovation

Cities are engines of the economy, and places of connectivity, creativity and innovation. Highly qualified creatives, “the creative class” as Florida (2002) defines them, are attracted to cities where they find an authentic and attractive built environment, high levels of social cohesion, and the opportunity to take part in (or at least consume) a variety of cultural activities and related amenities (Florida, 2008). Coworking spaces are one type of alternative workplaces that have been becoming more and more popular amongst these creative individuals, entrepreneurs and start-ups due to their focus on community, networking, interaction and flexibility. These micro communities consisting of smart, talented and diverse groups of creative professionals are one type of the manifestation of urban innovation, and as such, are grasping the attention of corporates. What drives them towards coworking is the

promise of better their interaction and knowledge sharing with others, creative inspiration, and optimisation of space utilisation.

Before deep diving into more details of how corporates can benefit from coworking spaces and how such partnerships can contribute to urban innovation, the next section looks at the current global trends that shape the way companies adjust their strategic and operational actions to boost innovation. Afterwards, the term coworking space is introduced along with its “super power” principles.

Impetus for Change

One core challenge companies are facing is that the 21st century employee has different expectations at work compared to past century workers. People deliberately seek to join organisations that support well-being, aka the social aspects of work such as the opportunity to have a greater work-life balance, the quality time for interacting, being creative, and having private thinking time if the completion of a given task requires it. The reason why well-being matters is because it creates fertile soil for creative activities to grow, and leads to higher sense of satisfaction, happiness and productivity. Positive emotions such as joy, love, and pleasure increase the probability of creativity, which is the starting point of innovation (Amabile et al., 2005). Besides fulfilling their emotional needs such as being valued for the contributions they make, mental needs such as autonomy to manage one’s own tasks; and even spiritual needs relating to the higher purpose of their work and how that links to their own skills and intrinsic motivation; employees also need different physical spaces for different activities that suits their actual mood and their personality (Groves and Marlow, 2016; Schwartz and Porath, 2014). Since every person is different, companies must appreciate that the ‘Eureka!’ moment might happen during alone time as well as during brainstorming with a diverse group of colleagues. It is thus essential to provide various types of workspaces that support not only “extended periods of uninterrupted focus”, but opportunities for “creative collisions” as well (Gapper, 2017). Millennials also favour a workplace that is more engaging and collaborative (88% according to SIGNAL, 2017), and that supports a greater sense of freedom and interchangeability (Andersen, 2017). Thus, companies must get ready to provide such office environments that attract and keep the new generation happy.

Parallel to the evolving corporate office as becoming a living work environment, letting employees use home offices from time to time is still the most popular remote working

solution. In fact, 54% of the surveyed corporate employees use home office, according to JLL (2017). On one hand side, home working increases productivity, as found in a 2013 Sodexo study, where 69% of Cisco employees cited higher productive when working at home (Sodexo, 2013). On the other, there is always a chance that those working from home office are going to be forgotten by the company and colleagues, not mentioning loneliness as another potential drawback. The most recent technology developments, of course, can help employees working remotely to be connected to the company and working together with the in-house employees.

Nevertheless, technology does not provide a solution for filling up unutilised desks while some employees are working remote. According to SIGNAL (2017), on average, 10-20% of office spaces in cities are empty, and 70% of desks are empty 60% of the time. Now this begs the question: Are rows of empty desks really an efficient use of an office's space? And, how could this space be utilised for other activities that create organisational value?" (Service Futures, 2018). For instance, these under-utilised areas can be turned into various types of innovation spaces to be used by employees, or even can be shared by other company employees (multi-let developer rental model). Another solution might be to invite self-directed contract workers (aka freelancers) to work inside the company premises (more than 80% of large corporations plans to increase their use of a flexible workforce – according to Groves and Marlow, 2016). This not only can help companies decrease operational costs but can lower the acceptance barriers for new ideas, and provides opportunities for collaboration and inspiration.

To support these different kinds of organisational needs and patterns of work, corporates are increasingly starting to use the city as an office. One little but increasingly significant player on the urban innovation playground are coworking spaces.

Coworking, the “happiness industry”

Coworking (under the label ‘coworking’) emerged as a concept in the early 2000s and rapidly spurred worldwide by a rising independent workforce, the human need for community connections, the generational disappointment with the corporate world, and the dramatic speed of change of technology, respectively. According to Deskmag (2018), at the end of 2017, there are 15,500 coworking spaces (compared to 3,400 in 2013) with 1.27 million members (compared to 151,000 in 2013) worldwide. Harvard Business Review predicts that

the number of coworkers will triple by 2020, and reach the number of 3.8 million worldwide (King, 2017).

Coworking provides a solution to ‘professional isolation’, as a shared, common, and diverse space provides community for those who otherwise would not enjoy relational support while working from home (Spinuzzi, 2012). Practitioner and academic research demonstrates that a diverse environment can positively influence one’s own productivity, creativity, well-being and social embeddedness. An earlier Deskmag survey (Foertsch, 2012a) found that 92% of surveyed coworkers said their social circle had increased a lot, 80% said their business network had grown, and 75% reported an increase in productivity. 71% of respondents noticed an increase in their creativity, 62% that their standard of work had improved, and 68% that their ability to focus had improved since joining a coworking space (Foertsch, 2012b). More recent survey results conducted by Harvard Business Review found that 79% of surveyed people has expanded their social networks thanks to working out from a coworking space, 83% report that they are less lonely since joining a coworking space, and 89% report that they are happier since joining a coworking space (King, 2017). Fuzi (2016) also found significant relationship between increased motivation / productivity and being located in coworking spaces. Even though increased levels of income are also a positive side effect of being a coworking space member (with 42% reported by Deskmag in 2011 (Foertsch, 2011)), clearly the greatest motivation why people join a space is because of the community of like-minded, diverse and supportive people. Johnson in a 2018 blogpost shared that on a memorial when the NextSpace Santa Cruz community was asked “What do you want? (at your coworking space)”, there were not a single mention of money, neither more funding, being acquired, selling more, getting more clients, material wants or income goals were mentioned. Instead, people longed for love, fulfilment, passion and harmony amongst many others (Johnson, 2018).

Coworking space providers usually design their spaces to meet the various spatial and functional needs of their members, and thus, offer various work environments such as open office, small private offices, meeting rooms, collaborative areas, chill-areas, and phone booths. Flexible work settings and design leave coworkers free to decide how they prefer to use the space and its features which facilitates the spirit of sharing and cooperation (Fabbri and Charue-Duboc, 2014). Even though the physical appearance, layout and design are important attractors and facilitators of the life of the community, “the people who populate it and their interactions (...) is what makes or breaks a coworking space” (Suarez, 2014, p. 26).

Community formation however often does not happen organically. While in some cultures such as in Asia and Africa, bonding around communities are coded into people's genes, some cultures just need more encouragement to do so. A usual practice is hiring community facilitators who play an important role in creating modes of engagement that stimulate interaction, networking and collaboration among members (Fabbri and Charue-Duboc, 2014; Parrino, 2013). Hosts (also called facilitators, animators, community managers, etc.) not only make connections among internal users, but they also connect them to external players outside the coworking space, acting as boundary spanners (Daft, 2006). As Hillman make the point, facilitators "cruise the party. They listen, and they observe. They ask questions, and they earn trust. They meet people at the edges of the crowd, connect with them, and then slowly help those people discover their own way into the mix." (Hillman, 2014). They create a system that helps a particular coworking culture grow. The caring nature of the tumbler can be described as a form of curation (Merkel, 2015). "It is part of their job to help connect people, to build trust, and to reduce friction (to make it easier to connect), so that more exchanges can happen more easily. They are the ones that will value the needs and personality of the coworkers to suggest the best matches" (Suarez, 2014, p. 25).

Corporates and coworking

Traditionally, companies on the creative edge used to innovate in-house. However, as discussed above, the second half of the 21st century brought new and far more complex challenges that reinforced companies to find alternative places to boost innovation.

There are various ways how corporates can benefit from urban coworking spaces:

- Partner with coworking spaces to be near innovative startups with the aim of learning from them, stay on top of talent, attract talent, monitor competition and find acquisition target. One example of such partnership is the one between Betahaus Berlin and Immobilien Scout (a company with more than 500 employees). Employees got permission to work from the coworking space. In return, Betahaus organised inspirational talks at the company HQ to help employees understand the entrepreneurial mindset and get a snapshot of how start-ups innovate. Moreover, Betahaus was asked to design an innovation space at the company, and design an accelerator programme for company employees. In this example both partners could gain benefits: the company supported its employees to connect with the start-up

community that help them approach things from different perspectives, whereas entrepreneurs could share their inspirational messages with a corporate audience (Fahle, 2018).

- Companies partner with coworking spaces to set up an innovation space outside the company. Conrad Electronics sponsored an IoT Hardware Lab inside Betahaus premises. For two years the company offered Batahaus members access to a high-end laboratory and tools to work on IOT hardware that they (and Betahaus) otherwise would not have been able to afford. Conrad Electronics in return wanted to get in touch with local hardware start-ups and the hardware community in Berlin in general and learn more about their needs (Fahle, 2018).
- Hackatons or other short sessions / activities organised in partnership with coworking spaces to address a specific purpose. One example is the [BlackRock Hackaton](#) that will be organised in Budapest in partnership with Design Terminal. BlackRock opened its Budapest office last year in Budapest, with the aim of “building something great in Budapest, our new global technology and innovation hub, where we want to shape a culture in which challenge, development and innovation happens every day”. Entrepreneurial teams are invited to join the Hackaton “to create a solution that will help people become more conscious about their spending habits.”. Teams work in the coworking space and get support from both the entrepreneur in house of the coworking space and BlackRock experts to create an innovative solution.

Discussion: corporate-coworking interactions to drive more urban innovation?

In the past years coworking spaces have appeared in cities of different sizes to encourage social practices such as networking, idea sharing, collaboration and interaction between member businesses belonging to creative, technology and new digital media sectors. The term coworking reflects these activities carried out in a shared, rentable, community oriented environments where the interplay between the physical environment, the member community and the facilitated social environment are important elements in supporting creativity, productivity, well-being, network growth, and knowledge sharing, contributing to innovation. Markel (2015) argues that coworking spaces have an important role in creating the “buzz” of the city for creative professionals. Coworking spaces act as hubs of knowledge reproduction, idea generation and sharing, providing both formal and informal occasions for such processes

and practices to take place within the city. Members of coworking spaces usually use the whole city as an innovation playground: depending on what they do, they switch between spaces that could be a coffee shop, a client's premises, a corporate office, a fablab, an exhibition centre, or even another coworking space. Moreover, the constant and free in-flow of various group of people to coworking spaces ensure that there is always something creative happening. In this way, coworking spaces can be interpreted as an invaluable contributor to urban innovation.

Corporations do not want to be left behind in the innovation game, and so, are constantly looking for new ways to learn from potential clients and start-ups but also to support their employees to cope with the “innovate or die” pressure induced by recent global trends. Partnering up with coworking spaces is one way to inject innovation into old work routines, habits and processes. The article showcased three examples of how corporates can benefit not only from coworking spaces, but via coworking spaces, to shake up the usual practices and enable new processes that can potentially create new urban innovation outcomes.

The question remains to what extent the corporate – coworking interactions have the potential to stir up the urban innovation landscape even further by inviting even more players to join the game.



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