

The Customer Experience and Insight (CXI) Research Group presents

Co-working spaces

From operational advantage to collaborative networks

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Co-working spaces: from operational advantage to collaborative networks

Co-working is redefining the way we utilise physical space and share resources, creating networks of localised innovation and reshaping retail spaces in the process. Employees are adapting their expectations accordingly, something all employers need to be aware of as competitors in the 'war for talent'.

By Dr Lois Shedd and Kristy Horne



The demand for flexible and shared workspaces in Australia is high, growing by 297 per cent over 2013–2017 and up 62 per cent in 2017 alone.¹ This interest in shared spaces is part of a broader trend towards distributed, interorganisational and collaborative knowledge work.² On top of this, the 'gig economy' is shifting jobs from permanent employees to temporary and independent workers (a new labour class known as 'the precariat').³ In Australia, for example, freelance or independent workers are expected to account for 40 per cent of the workforce by 2020.⁴ Combined, these trends are driving demand for innovative, flexible and on-demand spaces to perform independent knowledge work.

In addition to the direct effects of fostering new ways of living and working, these spaces are offering new opportunities for retail centres and property groups to (re-)activate dormant spaces, especially in highly walkable neighbourhoods.⁵ Local property groups such as Mirvac and GPT are capitalising on these opportunities, opening new co-working spaces in Melbourne and Sydney.^{4,6} However, co-working is not a universal model. This report will detail some of

the key co-working and shared space models to be aware of, including their unique characteristics and their benefits for both workers and organisations.

TYPE 1: THE OPERATIONAL ADVANTAGE MODEL

The first type of co-working space has a long history, going back further than you might think. However, it is most recognisable in the twentieth-century serviced office, which enabled smaller businesses to outsource non-core functions such as mailing, information management, payroll and HR. Doing so enabled businesses to reduce overhead and focus on core product/service functions. In a similar vein, many co-working spaces focus on the operational advantages offered by sharing resources – including not only services (as in the serviced office model) but also capital assets such as physical spaces and specialised equipment, from 3D printers and welders⁵ to coffee roasting machines⁷ and salon chairs.

In the latter example, advantages include not only reducing overhead for costs such as salon cleaning, equipment maintenance and laundry services, but also increasing flexibility,

allowing independent hairdressers to make appointments according to their availability and lifestyle.

With a long history in the United States, this model is becoming more popular amongst local Australian hairdressers, who increasingly choose to hire a chair in a co-working salon over managing their own salon space. Listed on sharing economy platforms such as Gumtree, these shared salon spaces can take a similar approach to traditional salons – for example, specialising in particular market segments (e.g., men's or women's hairdressing services) – with greater freedom and flexibility for workers to move across salons and suburbs.

However, the operational advantage co-working model has some significant downsides, especially for workers. As with the gig economy more broadly, the focus on 'freedom and flexibility' is a double-edged sword; not only does it lead to economic precarity,³ but it can also deprive workers of social benefits such as professional community, emotional connection and mentorship. This can have a particularly negative impact on those just entering or thinking about entering a field. Without the structure

and support of organisations to initiate new workers into an industry through recruitment, training and professional development, where will the next generation of workers come from?

TYPE 2: THE CONSUMER COMMUNITY MODEL

This is where the operational advantage model can learn from the consumer community model, which goes beyond sharing *resources* (in the form of services, spaces and equipment) to sharing *meanings* (in the form of values and knowledge). These spaces bring consumers together into purpose-driven communities, combining the benefits of the operational advantage model with the social support it lacks.

For example, the Kustom Kommune is a motorcycle workshop in Melbourne that provides members with the space, tools, and knowledge to store, build, maintain and repair custom motorcycles.⁸ With a strong focus on their community – or ‘family’ – the space offers shared access to expensive equipment such as hydraulic lifts and welders in a friendly and inclusive environment based on values of ‘DIY’ productivity and shared knowledge and experiences. These experiences extend beyond the workshop space and even the bikes themselves to include activities such as group rides and weekend barbecues, building on the well-established ‘biker’ subculture⁹ to nurture a broader and more inclusive consumer community.

A parallel example in a very different context is the non-profit environment park CERES (Centre for Education and Research in Environmental Strategies), also based in Melbourne. Although the foundational culture, shared goals and community values of CERES differ significantly from those of the Kustom Kommune, there is a common focus on community-based learning and activity. Where the Kustom Kommune offers courses and informal training in mechanical building/repair, CERES runs educational programs and action-based projects related to environmental issues, urban agriculture, and green technology. Nonetheless, both rely on a passionate and purpose-driven network of consumers willing to invest time, money and emotional labour into nurturing the community by building relationships and sharing knowledge.¹⁰

TYPE 3: THE COLLABORATIVE NETWORK MODEL

Adapting the consumer community model to a professional context results in the third type: the collaborative

network model. This model extends the operational advantage model by building on its foundations of reduced overhead and increased flexibility with a social structure that offers many of the benefits of the consumer community model. By bringing independent knowledge workers into purpose-driven networks within specially designed physical hubs, such spaces meet the needs of this emerging class of workers; that is, they provide the resources required for freedom and flexibility while building in opportunities for networking, collaboration and knowledge-sharing to offset the dangers of isolation inherent in independent work.

Many of the most recognisable co-working spaces have adopted this model, scheduling a range of community-based events and fostering collaborative norms in an effort to attract the workers/consumers who increasingly value these offerings. For example, The Cluster is a popular co-working space in the Melbourne CBD that offers a range of networking and learning events to its member community.¹¹ Other co-working spaces have gone even further, adopting a purpose-driven brand that emphasises not only building a community but also affirming an identity.

One Roof Women is a local example of such an offering, developed exclusively for the female segment of the market. Focused on ‘women-led businesses’, this brand’s spaces differ from competitors by providing unique services (such as childcare) and events (such as wellness and sexuality workshops).¹² In doing so, it offers a sense of belonging to workers who identify with its values, reflecting one of the key benefits of community-driven co-working spaces: such spaces allow workers who don’t ‘fit into’ a mainstream corporate environment to find their niche, fostering a sense of identity and connection and leaving them feeling more empowered and satisfied.⁴

In this way, co-working spaces following the collaborative network model fulfil many of the same fundamental needs as consumer communities. However, by doing so in a professional context, they have a direct impact on worker engagement and satisfaction,⁴ as well as fostering an environment conducive to the creative and collaborative modes of working that result in innovation.

LESSONS FOR ANY INDUSTRY

With work becoming more knowledge-focused and high value placed on innovation, workers with the ability to work collaboratively and creatively to solve problems have more power

to dictate their terms of work. These workers, who have become accustomed to freedom, flexibility and community in a consumer context, increasingly require – and demand – new kinds of working arrangements and environments, with important consequences for organisational employers and co-working providers alike.

In order to meet these demands, employers and co-working providers should focus on building purpose, meaning, and flexibility into their workspace offerings, allowing their workspaces and employees to thrive.¹³ This can be done by keeping in mind three key lessons offered by contemporary co-working spaces:

1. **Control matters:** Employees increasingly want to control their own working conditions, so make freedom and flexibility a focus.
2. **Purpose matters:** Shared spaces are about more than just work; build purpose, values and knowledge-sharing opportunities into your offering from the ground up to nurture communities, not just spaces.
3. **Design matters:** Form follows function, and the functions of shared workspaces are complex. Design your spaces to accommodate the full range of workers’ needs, including professional (e.g., solo work, collaboration and teleconferencing), social (e.g., knowledge-sharing and community-building activities) and personal (e.g., identity affirmation) needs.

COMMUNITY IS KEY

As consumer trends have moved increasingly towards sharing meanings and resources, employee expectations have shifted accordingly in a process known as ‘expectation transfer’.¹⁴ In this environment, employers need to remember one key thing: employees are consumers, too.

Not only are they end-users who have likely experienced the benefits of the consumer community model firsthand, but they are also consumers of the workplace, assessing competing offerings and choosing the option that best fits their needs. These days, that option is more likely to resemble the third type than the first, with worker satisfaction increasing significantly in a connected co-working environment.⁴

Learning from different kinds of co-working and shared spaces can help both traditional organisational employers and current or prospective co-working providers (a role increasingly adopted by local and international property groups) compete in the contemporary labour market.

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About CXI Research Group

The Customer Experience and Insight (CXI) Research Group is part of Swinburne Business School.

CXI is a full-service research group that conducts leading-edge research centred on experience to build customer-led strategy and innovation.

The CXI team is specialised in a range of qualitative and quantitative research methods and frameworks. Our four pillars of expertise span the fields of retail and consumer behaviour, sport and wellbeing, service innovation, and employee experience.

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