



IN SUPPORT OF

COWORKING ENVIRONMENTS:

**Policy and Other
Supportive Mechanisms**

A FEW WORDS

OF INTRODUCTION

Coworking spaces are collaborative, open-floor office environments that support flexible work arrangements. Early coworking spaces have been predominantly frequented by self-employed and other individuals who have pursued a flexible form of employment. With the popularisation of the coworking model in the 2010s, the model began to draw interest from corporate clients and their teams of distributed workers.

Coworking spaces have been shown to increase productivity, boost creativity, provide individuals with greater flexibility, and enhance networking opportunities. Due to their open or semi-open workspace design and the availability of a vast array of mediation mechanisms, coworking environments tend to foster both formal and informal encounters between regular users. Furthermore, human interaction positively contributes to an individual's well-being, helping him or her to balance work-life obligations. From a broader perspective, coworking spaces can help stimulate local economies as they offer support to small businesses, establish a network for the purchase and sale of services, keep highly skilled talent in the area, and open access to business resources that can be accessible both to users as well as for the surrounding communities (Kwiatowski, 2012; Gordan, 2018).

The following report will offer some general insights as to why coworking spaces are essential for local economies and individual stakeholders, and how selected policy mechanisms can support the continued growth of these facilities. In this report, we argue that local and regional policymakers should consider various tools and approaches to enhance the future growth of flexible workplaces. We also offer several examples of acceptable practices which have been used in the recent past. Given the ways in which the spread of Novel Coronavirus has introduced new levels of uncertainty into our society, these policy initiatives in support of coworking ecosystems might become a focal point for the promotion of economic stability.

THE NEED FOR COWORKING SPACES

AND THEIR STABILITY



“The Corona crisis is changing the world of work dramatically, and we need to adapt to all levels. But not everyone benefited from the massive shifts regarding the digitalisation during the last months. Therefore, it is necessary to develop and implement new policy mechanisms that focus on remote work and flexible spaces for people to work from - namely coworking spaces. Judging from our collective home office experience during the first half of 2020, I believe solely working from home cannot be the goal we are trying to achieve. We need better options for more people to be able to work where they live and still stay connected through a (digital) infrastructure that coworking spaces have been providing for a long time. Ideally, you could find such spaces within a 15-minute walking distance - even in rural areas.”

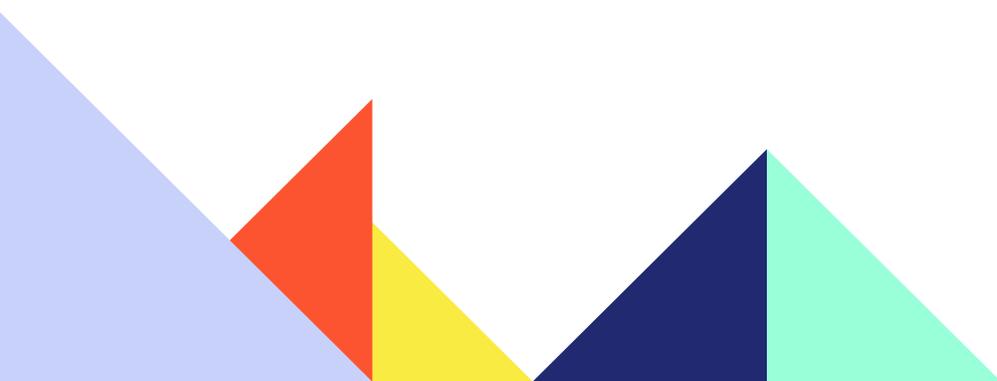
- Johanna Voll, co-founder @ Coworking Library

While the current pandemic has shaken the world, contemporary society continues to evolve separate and apart from this crisis. Modern coworking spaces first appeared in the early 2000s, with their numbers almost doubling on an annual basis ever since. It had been projected that by the end of 2024, the number of coworking spaces will surpass 42,000, with an estimated 5 million individuals using their local coworking hub daily (Di Rasio, 2020). Clearly, these projections will need to be adjusted in light of the present-day pandemic. As knowledge workers have been pushed back into their homes, many coworking environments have been partially or completely vacated for the time being.

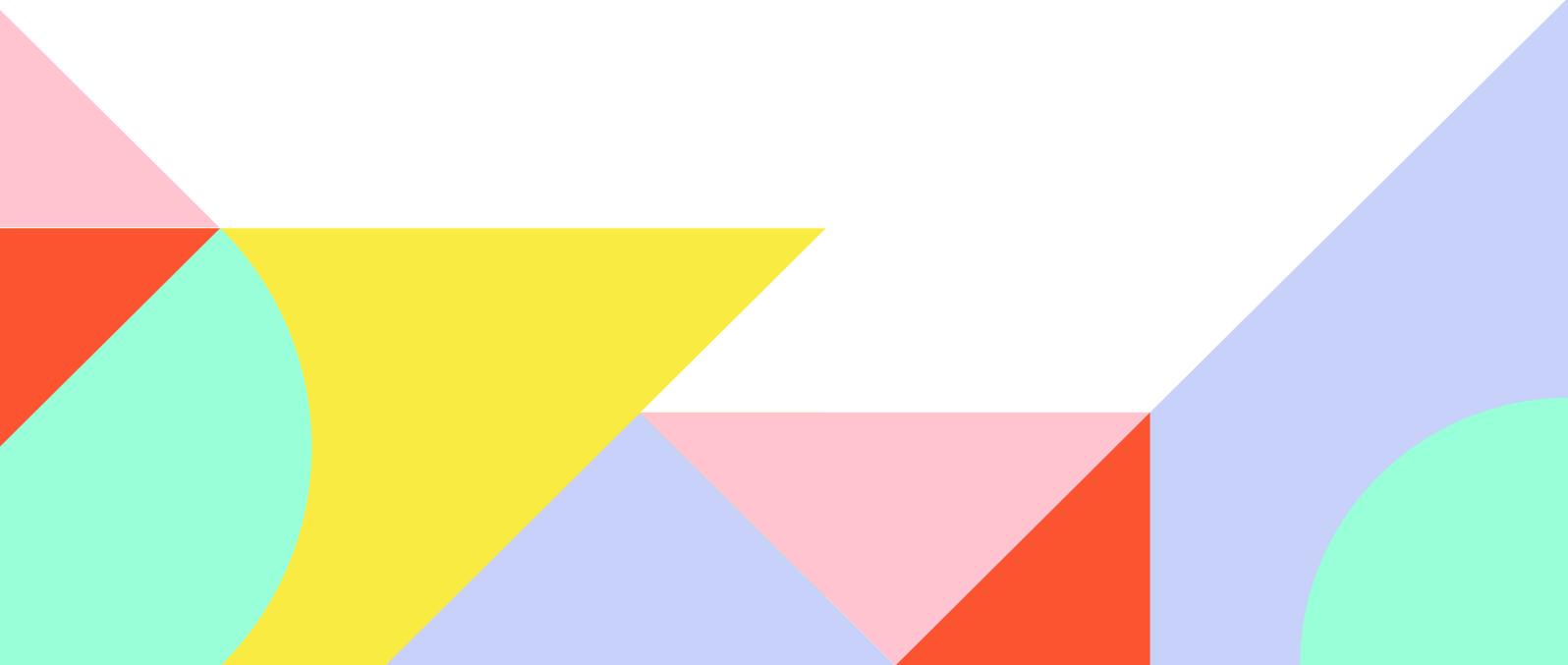
Working from home presents several drawbacks, such as difficulties communicating with clients and teammates, technological limitations, work-family conflicts, and other disadvantages. These logistical constraints point toward an opportunity for the increased

use of coworking spaces in the post-COVID-19 period. First, the regular usage of a selected coworking environment encourages collaboration and boosts productivity. While productivity is somewhat subjective, the first wave of the pandemic has seen an increased demand for online and virtual collaborative tools such as FocusMate, Caveday, and similar online applications which attempt to mimic a physical workspace (Turrell, 2020). This suggests that many users will pivot to a shared workspace with teammates, once they are given the opportunity. Second, onsite contact and thoughtfully curated networking events may facilitate access to business resources that would otherwise be unreachable for the individual working from home. Third, completing one's daily work tasks in the context of the social life that evolves behind the walls of a local coworking space can have a positive impact on an individual's well-being. Disrupting this daily routine can often prove detrimental to an individual's habits, mood and lifestyle. The coworking environment provides a measure of structure and accountability that is difficult to replicate at home.

One change in working conditions which may outlast the pandemic is that knowledge workers may continue to pursue flexible working arrangements in greater numbers than in the past, which can only serve to heighten the importance of coworking environments. Untethered to a corporate office, individuals might begin to switch jobs more frequently, while remaining in a preferred geographic region. Although urban environments will continue to thrive, the prospect of being able to work from anywhere may give rural areas and small towns the chance to attract knowledge workers and (re) build their local economies. The recently popularised "15-minute "city" movement - a new version of urban living that dissolves the lengthy commute that workers historically faced - may prove to be a boon to small towns (Whittle, 2020).



A recent study on talent management in coworking spaces conducted under a grant from the Visegrad Fund shows that coworking environments are one of the pillars of infrastructure for the attraction, development, and connection of local talent. The evidence points to these workspaces being a tool for building brand identification and a strong sense of belonging - not only within a selected coworking environment but also within the surrounding community. This "ripple effect" enables coworking spaces to position themselves as local accelerators of entrepreneurship, contributing to positive social change. Furthermore, these highly flexible and collaborative workspaces tend to support individuals and teams throughout the business life cycle (Orel et al., 2020). With these factors in mind, policymakers must recognise the importance of coworking spaces as local entrepreneurial and creative hubs that provide an optimised workspace for highly skilled individuals to flourish.



POLICY

MECHANISMS



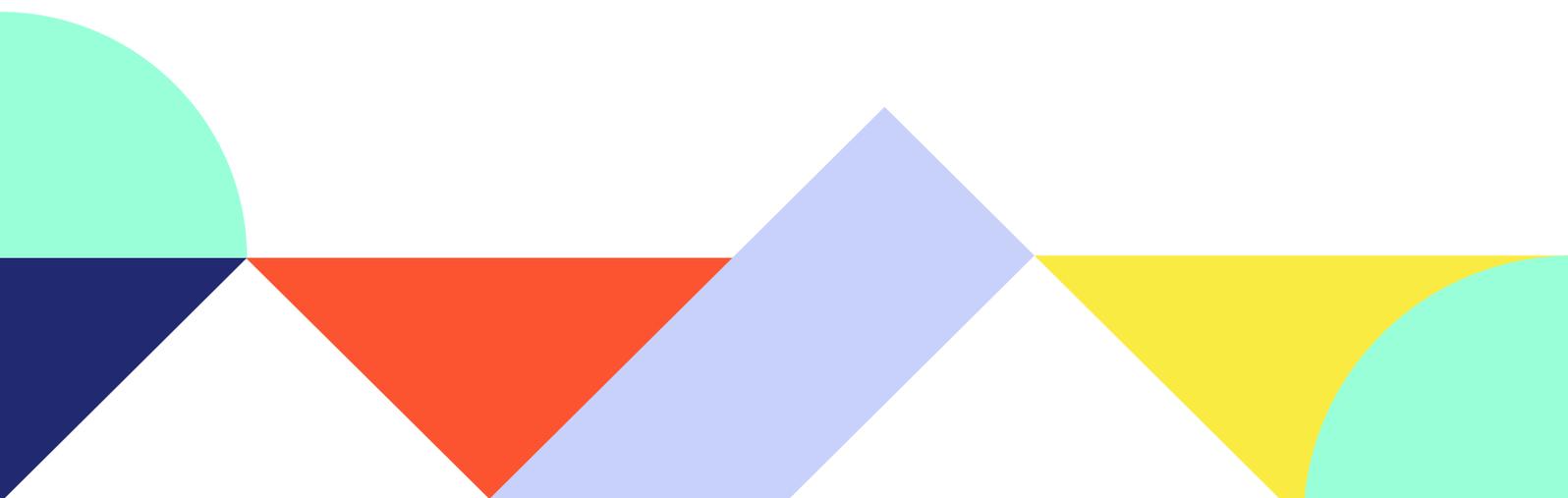
“Coworking makes Europe the best place to be a business by building world-class infrastructures for freelancers, making government contracts freelancer-friendly and incentivising the use of shared workspaces. We call for governments to establish relationships with coworking spaces and networks to launch and nurture programs for small business and freelancers. We call for examination and adoption of the principles of the 15-minute-city. Recognise independent coworking as the infrastructure and ecosystem of the New Economy and as such critical to solving problems such as economic downturn, and development in rural and suburban areas as well as decongesting cities and minimising the negative climate and social effects of large cities as they are now operated.”

- Jeannine van der Linden, director @ European Coworking Assembly

Looking at the past examples of policy mechanisms, we can loosely divide them into “active” and “passive” support instruments that either directly or indirectly incubate new and existing workspaces. Active mechanisms are totally or partially funded grant schemes that support coworking spaces, whether by direct financial assistance or through policies which indirectly benefit these workspaces. One example of a direct support mechanism would be a financial grant scheme that fully supports operations behind coworking environments. As this level of support is relatively rare, more typical examples can be found in granting plans that support coworking spaces only partially and passively. These projects might finance a portion of operations within a selected coworking space (e.g., accelerators within coworking environments, guided networking sessions, specialised events, etc.).

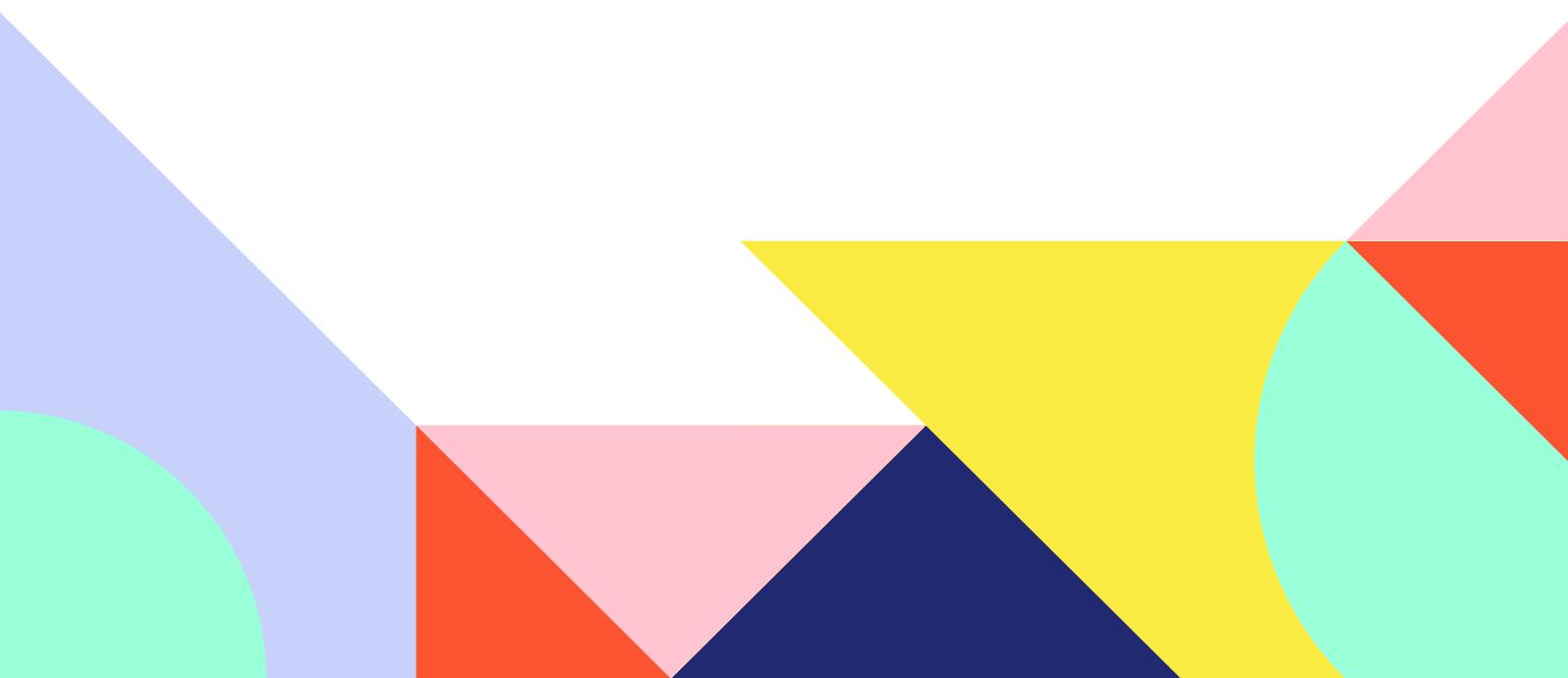
When talking about specific cases of direct or indirect funding schemes, three examples are worthy of consideration. One of the earliest policy mechanisms to support the development of local coworking environments is the *Coworking Milano* initiative, a financial scheme which was first launched in 2013. Based in Lombardy, Italy, *Coworking Milano* has deployed two types of vouchers: the first set of vouchers is aimed directly at consumers, who can spend them on a set number of usage hours in one of the coworking spaces based in or around the city of Milan. The second set of vouchers can be obtained directly by the coworking spaces in the area, for the purpose of subsidising membership fees. The aim of this funding scheme has been to promote a flexible and remote work approach between highly skilled professionals looking to expand their networks (Nisi, 2013). Due to the success of *Coworking Milano*, similar funding schemes have appeared in other regions of Italy. The Tuscany region, for example, has begun to issue vouchers to freelancers, who could use one of the regionally accredited coworking spaces. Similar voucher systems have developed on the island of Sardinia. The region of Puglia has issued vouchers aimed towards supporting Makerspaces/Fablabs. These more specialised flexible workspaces generally support individuals who seek to obtain technical knowledge such as 3-D printing, programming, and the like (Cowo, 2020).

The second example is found across the Atlantic, in the state of Vermont, USA. There, the state legislature enacted a Remote Work Grant Program, which provides monetary incentives to encourage knowledge workers to relocate to the state, and to use a local coworking space as their daily work environment. Under this program, which was signed into law by the Governor, the financial support being provided to individuals indirectly benefits the operators of the local coworking spaces, who have seen their memberships grow as a result (Allen, 2019).



The final example is offered by the city of São Paulo, Brazil. The city has modified its strategy, set back in the early 2000s, to provide access to the Internet and computing with public digital centres. With swift technological developments making web access easily accessible to most of São Paulo's population, the local government has transformed these facilities into coworking environments, targeting innovation-driven businesses and highly skilled individuals for their use. In observing the policies that support the development of these coworking spaces, Nakano et al. (2020) have concluded that these support mechanisms have five implicit effects on the local environment. First, coworking spaces provide the infrastructure needed by both for-profit and not-for-profit organisations and individuals to co-create and to establish onsite supportive networks. Second, coworking spaces foster collaboration and both formal and informal interaction between individuals and organisations, prompting the development of new ideas, business ventures and funding opportunities. Third, coworking spaces serve as a catalyst for the transfer of knowledge between workspace users. Fourth, public coworking spaces offer a focal point for users to allocate desired services. Finally, users of coworking spaces often connect in such a way that they might gain access to specific global networks.

The cases described above are just three examples of public policies that can have a positive effect on coworking spaces, their current and future users, and local entrepreneurial environments. These examples can serve as a springboard for further research into the types of policy initiatives which should (or could) be developed so that the use of coworking environments may continue to grow.



CONCLUDING

THOUGHTS



“We are about to see an explosion in entrepreneurship and self-employment - both voluntary and involuntary. These individuals, and the businesses they create, will need supportive spaces and communities to rebuild local economies and neighbourhoods.”

- Hector Kolonas, ambassador @ Included

In closing, we shall summarise the positive implications that a stable coworking environment can have on a selected area.

First, coworking members promote job creation by collectively reducing the cost of using an office environment, enabling employers to hire more full-time, part-time and/or freelance workers. According to a talent study conducted by Orel et al. (2020), coworking spaces typically have a set of well-developed talent attraction and retention mechanisms to help grow a regional pool of highly skilled individuals. Second, coworking spaces have a direct and positive impact upon the local economies in which they operate. They generally utilise neighbourhood merchants for procurement of needed goods (e.g., meals, supplies, etc.), and their users spend their income in the community. Lastly, coworking spaces can serve as the genesis of unanticipated entrepreneurship by unleashing entrepreneurial potential and encouraging the growth of local businesses (Kolonas, 2020).

The economic dislocation resulting from the pandemic is disrupting local labour markets, with an increase in ranks of the self-employed and others searching for flexible work arrangements. Coworking environments can provide stability, grow talent, connect individuals in supportive networks, and contribute toward the economic prosperity of the region in which they are located. Policy support and financial incentives can provide a healthy ecosystem for these engines of economic growth.

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ACKNOWLEDGMENTS

Financed and produced with the help of

VisegradFund

• Visegrad Fund

