

MANAGING DEVELOPMENT OF CREATIVE CITY SYSTEM: COWORKING

Paulina Stachura

*Faculty of Economic Sciences, University of Warsaw
ul. Długa 44/50, 00-241 Warszawa, Poland
pstachura@wne.uw.edu.pl*

Karolina Kuligowska

*Faculty of Economic Sciences, University of Warsaw
ul. Długa 44/50, 00-241 Warszawa, Poland
kkuligowska@wne.uw.edu.pl*

ABSTRACT

The advancements in new technologies during the last decades and the change in the nature of work, which has become more dependent on knowledge and creativity, have reshaped the world of work and led to the decline of classical employment relation. Creative city system understood as the practice of working individually and independently but in the presence of others in a shared environment, became a solution in managing development of urban areas, when more and more people tend to work from remote locations. The aim of this paper is to present a concept of creative city system, to examine the current state of coworking spaces, and to discuss the role of managing its further development.

Keywords: *city development, coworking, creative city, knowledge economy*

1. INTRODUCTION

Global economy is facing the tendency toward outsourcing and subcontracting, associated with distributed data processing, favoring the growth of micro-enterprises, self-employment and freelance knowledge workers. Being an urban phenomenon, coworking spaces - a new type of collaboratively oriented workplace - have emerged and have been developed mainly in cities. Coworking results from a global process of blurring of the lines between old, well-defined categories, practices and concepts in the economic, social, and technological realms and typically refers to the new alternative workspace of the "freelance economy" (Fuzi, 2015). Coworking spaces constitute flexible shared office spaces for creative professionals "working alone together" (Spinuzzi, 2012). Therefore, they can be described as a new form of urban social infrastructure enabling contacts and collaborations between people (Merkel, 2019). According to Moriset, coworking spaces can be seen as "third places" next to home and work (Moriset, 2014). These spaces and the associated practice of coworking encourage collaboration, creativity, idea sharing, networking, socializing and generating new business opportunities for small firms, start-up companies and freelancers embedded in a creative city system. The paper is organized as follows. Section 2 presents a concept of creative city system that emerged from knowledge-based economy. Section 3 analyzes coworking phenomenon and describes its functioning. Section 4 addresses management of further development of coworking within creative city system. Finally, Section 5 presents our conclusions.

2. CREATIVITY IN THE KNOWLEDGE-BASED ECONOMY

Creativity became increasingly important in the globalized knowledge-based economy, with research suggesting that creativity by individuals, and particularly teams, is the starting point for innovation (Clifton, Crick, Fuzi, 2016). Florida in 2002 claimed the "rise of the creative class", whom he forecasted to be the driver of economic growth in the early 2000s (Florida, 2002). Not surprisingly then, since the beginning of the 21st century, creative individuals and

innovative industries became key drivers of sustainable economic growth and prosperity, as well as culture and creativity have been considered as key economic resources in urban development (Merkel, 2015). Hence the training, attraction, and retention of creative people and industries have become a key issue for policy makers and planners. The creative city is now seen as a place where creative industries are concentrated and supported. The academic concept of creative city represents a shift towards the production of culture and creative products, and the presence of skilled labour driving the new knowledge-based economy. This transition is linked first to the emergence of the term “creative industries” and secondly to the development of the previously mentioned “creative class” theory (Florida, 2002). The core principle of the creative city became the maximization of opportunities for face-to-face meetings, which make possible the exchange of tacit knowledge. These trust-based relationships lower the transaction costs related to the search, validation and transfer of information and new knowledge (Moriset, 2014). The shift to knowledge-based economy with its emphasis on creativity and innovation has caused significant changes on individual and organizational levels. On an organizational level, the rise of new organizational forms can be observed, that respond to the new reality of knowledge-based economy by favouring collaboration over competition, in open networks of individuals, small firms, and big corporations. On individual level, work is becoming multi-layered and the space and time frontiers between private and professional life become indistinct. Self-employed individuals are pursuing the goal of achieving work-life balance between formal commitments and private life. They are attempting to work in flexible ways and avoid working in isolation. These individuals are looking for workplaces that are used by other creative self-employed people, as they understand and appreciate the value of forming social networks and the advantages that derives from collaboration (Davies, Tollervey, 2013). One of the aspects which characterizes the creative city, is the emergence of specific structures that regulate and inform the environment. These can be identified with the development of organic and institutional networks that provide support for creative practitioners, even if this may be only moral and psychological. Creative industries tend to rely on different types of network. Specific formal organizations form one level of networks, which are considered useful but sometimes impersonal and too structured; they are more like professional development organizations than actual networks. Coworking practices efficiently respond to the necessities of the contemporary creative city worker: a knowledge worker, for whom, networking is central. Coworking is not only an “open source approach to work” (Lange, 2011), but also a manifestation of a broader transformation in the employment and organizational regimes in the knowledge-based economy, based on the socialisation of value production as well (Gandini, 2015). Coworking spaces encourage collaboration, foster the exchange of knowledge, increase productivity and favor creativity (Stumpf, 2013). Knowledge sharing is one of the greatest benefits for coworking members (Parrino, 2013), who can access other professionals involved in related or complementary work, thereby lowering barriers to trying out new ideas, and reducing transaction and information costs. This makes coworking spaces hubs of knowledge dissemination, providing situations of knowledge exchange along with professional project contexts what is a crucial way to provide the diversification and collaboration required for innovation (Grabher, 2004). Nonstandard forms of employment have become a commonplace within a highly individualized labour market in which urban professionals work as a casualised, project-based and freelance workforce (Cappelli, Keller, 2013; Osnowitz, 2010). This raises the question of the extent to which knowledge workers are encouraged in finding new ways to live a nomadic work life in such a fragmented professional context. Researching one of the most interesting phenomena that recently emerged we traced the process of diffusion of coworking spaces within creative city system.

3. CREATIVE CITY SYSTEM: COWORKING

The coworking phenomenon has spread all over the world, becoming a “third way” of working, halfway between a “standard” worklife within a traditional workplace in a community-like environment, and an independent worklife as a freelancer, where the worker is based at home in isolation. The primary rationale of coworking is not, in principle, business-oriented, but on the contrary, coworking practices can be characterized as an “open source community approach” to work (Leforestier, 2009). Many of the community founders were advocates of the open source movement, a rebellion among programmers against big corporations that constrained the flow of information, innovation and learning, relying instead on intellectual property rights to make profits (Rus, Orel, 2015). The ethos of open source movement and values of collaboration, openness, community, sustainability and accessibility were transplanted into the coworking movement. Currently, various professionals, predominantly independent ones such as freelancers or remote workers, join coworking spaces (Pohler, 2012). As a freelancer or a mobile worker, you can either rent your own office, what is quite expensive, or you can work at home – with the various distractions and disadvantages that implies. Another option might be to use local coffee shop or library. Although often convenient these locations will inevitably reveal drawbacks of their own (Clifton, Crick, Fuzi, 2016). Coworking spaces were intended to become “third places”, an alternative to working in a classic office or in private home, a solution for growing ranks of independent creative workers who were escaping isolation of their homes by working and meeting in cafés (Rus, Orel, 2015). New employment trends and progress in mobile technology have tended to encourage more work from remote locations. On the one hand, more people can work anywhere – telecommuting, collaborating electronically, running their own businesses with laptops and mobile phones. On the other hand, their freedom to work anywhere often means isolation, sharply restricted opportunities for collaboration and networking, and problems with separating work and home lives. Coworking solves one of the central tensions of the working at home versus working in an office dichotomy, as Neuberg sums up: “Traditionally, society forces us to choose between working at home for ourselves or working at an office for a company. If we work at a traditional nine-to-five company job, we get community and structure, but lose freedom and the ability to control our own lives. If we work for ourselves at home, we gain independence but suffer loneliness and bad habits from not being surrounded by a work community” (Jones, Sundsted, Bacigalupo, 2009). Therefore, coworking spaces enable their members to maximize their productivity by “combining the best elements of a coffee shop (social, energetic, creative) and the best elements of a workspace (productive, functional)” (Botsman, Rogers, 2011). These new forms of workplaces host ambitious, successful, intellectual people with common interests in an environment that provides a level of comfort and services that each member could not afford separately. Coworking spaces are also collaborative as value is created collectively by their users and where people “meet, interact, experiment, ideate and prototype new solutions” (Bason, 2010). Coworkers may define themselves as part of the global coworking community and of their specific workspace group. In reference to the social identity approach, members of a group tend to support the other members of this group (Gerdenitsch, Scheel, Andorfer, Korunka, 2016). The emergence of coworking spaces is admittedly connected with the digitization of the economy, as new information and communication technologies has tremendously changed the way and the geography of doing knowledge-based jobs. A growing number of remote workers and employees work from home in mobile, project-based, freelance and self-employed jobs, working on notebook computers and tablets with a near ubiquitous access to information and data carried by wireless and mobile telecommunications (Moriset, 2014; Spinuzzi, 2012). Development of information and communications technology have tended to encourage more work from remote locations such as independent contracting, nomadic work, distance work and telework (Clifton, Crick, Fuzi, 2016).

People are no longer bound to a single desk to operate the technology: they can create, analyze and transform data from their own homes or other remote “third place” locations. Key to this evolution of creative city system is the continued growth of coworking understood as a knowledge working, both as a percentage of the economy and of the labour force (Fuzi, 2015).

4. MANAGING FURTHER DEVELOPMENT OF COWORKING

Coworking spaces began popping up around the world and their number increased rapidly. In 2013 over 3000 coworking spaces existed worldwide gathering more than 100.000 users (The History Of Coworking In A Timeline). Two years later, in 2015 there were over 7800 coworking spaces running around the world and this number is expected to rise to 12000 in 2018 (King, Ockels, 2011). Moreover, about 60% of coworking spaces needed to acquire additional space for their expansion. King and Ockels predicted that the number of individual professionals who are using coworking spaces as their daily work environment will reach one million worldwide by the year 2018 (Rus, Orel, 2015). It is not surprising, that coworking initiatives have spread across the world, because global workforce is marching towards mobility. According to global mobile workforce reports and forecasts, world’s mobile worker population reached the number 1.32 billion in 2014, accounting for 37.4% of the global workforce. The number of mobile workers on the planet is set to increase to 1.75 billion in 2020, accounting for 42.0% of the global workforce (Crook, Jaffe, Boggs, Drake, 2011; Luk, 2015). The rising number of mobile workers, freelancers, and micro businesses implies the need of spaces of work that facilitate formal productive activity alongside informal social interactions. Coworking is spreading around the world at an impressive pace. The global number of coworking spaces operating in 2005-2016 has increased rapidly over time in an exponential manner. In 2007, the global number of coworking spaces was less than 100, while in 2012 it exceeded 2000, and in 2016 the number reached the level of 11,300. Coworking cooperation takes place mainly in creative cities, such as London, Paris, Berlin, Tokyo, Sydney and New York. In these cities, there are dozens of coworking spaces. As for the countries, the leader in the number of coworking is the United States, in which this phenomenon was first born. Among the countries with the biggest number of coworking spaces in 2013, Poland is also located within first 15 countries (Moriset, 2014). According to the global report of Global Coworking Survey 2017, 41% of all coworking users are freelancers, 36% are remote employees, 16% are self-employed entrepreneurs, and 7% of users are people who do not work professionally (e.g. students) (Global Coworking Survey 2017). When it comes to the professional structure of co-working space users, people from the IT industry (programmers, software engineers, web developers) constitute the largest group (22%). Another large group are people working in PR, marketing, advertising and sales (14%). The third largest group are journalists, copywriters and writers (9%). The share of consulting employees is definitely smaller (6%), similarly to the group of people developing their own business (6%). The group of designers (games, graphics, products) ranks at a similar level (5%), as well as a group of scientists, researchers and analysts (5%). Other groups (in total 33%) include the following professions: project managers, personal trainers, coaches, translators, accountants, filmmakers, photographers, musicians and others.

5. CONSLUSION

Coworking spaces are places for individual and independent work performed in the presence of other people in the shared space. The development of coworking, possible due to advances in the field of new technologies, is also associated with the dynamic development of outsourcing and an increase in the number of people working remotely. Coworking is not only an “open approach to work”, but also a manifestation of a broader transformation in the way of organization and management of work in a knowledge-based economy, in which the production

of added value is associated with cultural diffusion and a sense of community. It can be clearly seen that the attractiveness of coworking spaces and the associated coworking concept support cooperation, stimulate the exchange of knowledge, increase productivity and encourage the development of creative city system. Diffusion of innovation in the knowledge-based economy and the change both in the nature of work and urban areas indicate the direction of managing development of creative city system, that should answer to the structural changes in the labour market, where more and more people tend to work from remote locations including coworking spaces.

LITERATURE:

1. Bason, C. (2010). *Leading public sector innovation - co-creating for a better society*. University of Chicago Press.
2. Botsman, R., Rogers, R. (2011). *What's mine is yours*. New York, NY: Collins.
3. Cappelli, P., Keller, J. R. (2013). Classifying work in the new economy. *The Academy of Management Review* 38(4) (p. 1-22).
4. Clifton, N., Crick, T., Fuzi, A. (2016). *NEMODE Network+ 3K Open Call Final Report: New Economic Models for, and from, Co-Working*. Retrieved 02.05.2018 from <http://www.nemode.ac.uk/wp-content/uploads/2012/12/CliftonCrick-Coworking-%C2%A33K-FINAL-REPORT.pdf>.
5. Crook, S. K., Jaffe, J., Boggs, R., Drake, S. D. (2011). *Worldwide Mobile Worker Population 2011-2015 Forecast*. International Data Corporation Market Analysis report.
6. Davies, A., Tollervey, K. (2013). *The style of coworking. Contemporary shared workspaces*, New York: Prestel Verlag.
7. *The History Of Coworking In A Timeline*. Deskmag.com. Retrieved 02.05.2018 from <http://www.deskmag.com/en/the-history-of-coworking-spaces-in-a-timeline>.
8. Florida, R. (2002). *The rise of the creative class - and how it is transforming leisure, community and everyday life*. New York: Basic Books.
9. Fuzi, A. (2015). Co-working spaces for promoting entrepreneurship in sparse regions: the case of South Wales. *Reg. Stud. Reg. Sci.* 2 (p. 462–469).
10. Gandini, A. (2015). The rise of coworking spaces: a literature review. *Ephemera: Theory and Politics in Organization* 15 (1) (p. 193-205).
11. Gerdenitsch, C., Scheel, T.E., Andorfer, J., Korunka, C. (2016). Coworking Spaces: A Source of Social Support for Independent Professionals. *Front. Psychol.* (p. 7-581).
12. *Global Coworking Survey 2017*. Retrieved 03.05.2018 from <http://www.deskmag.com/en/members-of-coworking-spaces-demographics-statistics-global-survey-coworkers-research-2017>.
13. Grabher, G. (2004). Temporary architectures of learning: Knowledge governance in project ecologies. *Organization Studies* 25(9) (p. 1491-1514).
14. Jones, D., Sundsted, T., Bacigalupo, T. (2009). *I'm outta here! How coworking is making the office obsolete*. Brooklyn/Austin.
15. King, S., Ockels, C. (2011). *Coworking Forecast: 1 Million Coworkers in 2018*. Retrieved 16.04.2018 from <http://www.smallbizlabs.com/2014/05/coworking-fore-cast.html>.
16. Lange, B. (2011). Re-scaling governance in Berlin's creative economy. *Culture Unbound* 3 (p. 187-208).
17. Leforestier, A. (2009). *The co-working space concept*. Retrieved 02.05.2018 from https://www.iima.ac.in/c/document_library/get_file?uuid=029aa576-2508-4974-808c-91df12ab6c5c&groupId=642050.

18. Luk, G. (2015). Global Mobile Workforce Forecast 2015-2020. Strategy Analytics 2015. Retrieved 02.05.2018 from <https://www.strategyanalytics.com/access-services/enterprise/mobile-workforce/market-data/report-detail/global-mobile-workforce-forecast-2015-2020#.WcElerKrRpg>.
19. Merkel, J. (2015). Coworking in the city. *Ephemera* 15(2) (p. 121-139).
20. Moriset, B. (2014). *Building new places of the creative economy. The rise of coworking spaces*. The 2nd Geography of Innovation International Conference 2014. Utrecht.
21. Osnowitz, D. (2010). *Freelancing expertise: Contract professionals in the new economy*. Cornell University Press.
22. Parrino, L. (2013). Coworking: assessing the role of proximity in knowledge exchange. *Knowledge Management Res. Pract.* (p. 1-11).
23. Pohler, N. (2012). Neue arbeitsräume für neue arbeitsformen: coworking spaces. *Österreichische Zeitschrift für Soziologie* 37 (p. 65–78).
24. Rus, A., Orel, M. (2015). Coworking: a community of work. *Teorija Praksa* 52 (p. 1017–1038).
25. Spinuzzi, C. (2012). Working alone together coworking as emergent collaborative activity. *Journal of Business and Technical Communication* 26(4) (p. 399–441).
26. Stumpf, C. (2013). *Creativity and Space: The Power of Ba in Coworking Spaces* (Master thesis). Zeppelin Universität.