

The Co-working Space as a Business with Higher Purposes

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The Co-working Space as a Business with Higher Purposes (Case Study of Co-working Spaces in Jakarta)

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Co-working space not only offers work flexibility but also plays a role in creating a collaborative ecosystem that helps members of the community to collaborate and share knowledge, ideas, and potential business networks. Previous researches on co-working space have discussions more on the added value it brings from the users' perspective. This study aims to cross-reference the creation of the value of the benefits of co-working spaces from the perspective of the host by exploring the process of creating co-working value as a conscious form of business. The study used a qualitative research design with a multiple case study approach to three co-working space hosts in the Jakarta area. Research results in all cases show that the host co-working space manages its business consciously to ensure community members, as stakeholders, get the needed resources to maintain the sustainability of their business.

Keywords: *Co-Working Spaces, Business with Higher Purposes, Conscious Capitalism, the Community of Work.*

Introduction

Since its first appearance in San Francisco (Capdevila, 2014c; Foertsch & Cagnol, 2013; Rus & Orel, 2015), the co-working space has changed the concept of the workplace. It has become a solution for an ideal workplace amid the dilemma between a regular office-based workspace and home-based workplace, which is characterised by freedom and independence at work, but isolated at home without social interaction with colleagues (Capdevila, 2014b; Gandini, 2015; Orel & Kubátová, 2019; Seo et al., 2017). The flexibility offered by the co-working space leads to this business model continuously growing in numbers throughout the world. The number of co-working spaces is predicted to grow up to 26,300 by the end of 2020, with the approximate users reaching 2,680,000 (Deskmag, 2019). In Indonesia alone, the trend of co-working spaces has continued to grow over the last four years. Nowadays, around 400 companies are running this type of business (CNBCIndonesia, 2019).



In addition to flexibility, the co-working space also facilitates its members with the availability of business networks. It also allows its members to make mutually beneficial exchanges. This exchange enables co-working space members to complement and support each other's limitations on essential resources such as projects, business intelligence (Lambrecht et al., 2015), experience, skill sets, and business contacts (Brown, 2017). Furthermore, co-working spaces users can also build social bonds, fostering processes between members that can enhance the business idea process (Bouncken & Reuschl, 2018).

This trend of co-working space is still relatively new. Thus there are still only a few studies that delve more in-depth into this phenomenon (Merkel, 2015), especially in Indonesia. Most of the previous researches on this phenomenon emphasised the added value felt by the user. Many previous studies have shown how the concept of co-working encourages the creation of a collaborative work ecosystem between organisations, and its benefits for users (Bueno et al., 2018; Capdevila, 2014c). The creation of this collaborative ecosystem can be seen from many perspectives, such as the flexibility offered by the host, the strategic location and also social interactions which encourage the members to learn from each other through the process of knowledge exchange and the role of co-working space as an innovation driver (Capdevila, 2014b, 2014c, 2019; Parrino, 2015; Rus & Orel, 2015; Clay Spinuzzi, 2012). However, there are only very few studies that discuss in more detail the meaning of the value creation process (business model) from the perspective of the host (co-working space), especially in Indonesia, and Jakarta in particular.

Previous research by Orel and Kubatova (Orel & Kubátová, 2019) showed that the co-working space business is a conscious model business. They found that the co-working spaces are built to provide an ideal ecosystem of the working environment to their members – a working environment that can give meaning to the work of each member and encourage mutual learning processes between members that emphasise the importance of the role of collaboration. Does the same conscious business model also occur in the Indonesian context, especially from the perspective of the host of the co-working space? To answer the research questions, the researchers used a combination of interviews with several sources and also observations at the three locations of selected co-working spaces. Thus, this study aims to do a cross-reference method to provide a further understanding of the value creation process, from the perspective of the host (co-working spaces).

Literature Review

The concept of Co-working as a Form of Community in the Era of Economic Sharing

Belk stated that the development of information technology or ICT accelerates and facilitates the process of sharing in the form of transfer or use of goods between consumers. This technological acceleration then makes collaborative consumption behaviour even more



feasible to do (Belk, 2014). Felson and Spaeth define collaborative consumption behaviour as a condition in which several people engage in a joint activity to consume goods and services (Felson & Spaeth, 1978).

Economic and business developments have entered a new era called the digital economy (Hamid et al., 2020) that became the foundation of the sharing economy. Co-working space as economic sharing had been defined as a gathering place for professionals from diverse backgrounds to work together (Merkel, 2015; Clay Spinuzzi, 2012), where they share resources and knowledge they have with the other community members (Capdevila, 2014c, 2014a). Co-working space also represented the changing way in which work is carried out, distributed, and collaborated in by various communities in a shared workspace (C Spinuzzi, 2015). Therefore, co-working is a place where professionals from multiple backgrounds start working and interacting with each other in an ideal interaction model that includes: collaboration, openness, diversity, sustainability, and community (Merkel, 2015).

A study conducted by Rus and Orel (Rus & Orel, 2015) found out that the working community in the co-working space is formed through the growing of strong bonds, which is based on the existence of trust built among members. This strong bond and mutual trust encouraged the process of information, ideas, and knowledge sharing. This bond was built because of continuous facilitated interaction and shared interest between members. Furthermore, a study on types of community in the co-working space ecosystem conducted by Spinuzzi (Clay Spinuzzi et al., 2019), showed that there are two forms of society, named Gesellschaft communities and collaborative communities. According to Alder and Heckscher (Adler & Heckscher, 2007), the Gesellschaft community is characterised by a community thick with individualistic values and interactions that are solely based on business transactions (independent), while collaborative communities are characterised by a collaboration that is built based on mutual understanding and mutual trust and interdependence of community members in the workmanship of a joint project.

Conscious Capitalism: In Search of The Higher Purposes

Conscious Capitalism is a form of business paradigm that emphasises the continuous value creation process of goodness and wellbeing for all stakeholders. Conscious capitalism is a management way of thinking that is based on the conscious awareness of the business' higher goals rather than the pursuit of profit only. This concept described a business that exists to provide a good influence to all the stakeholders they have – not just limited to shareholder's needs. Conscious capitalism has four principles (tenets), which are: higher goals (higher purpose); stakeholder integration in which conscious business practitioners recognise the importance of all stakeholders and have a consciousness that all stakeholders are connected and have interdependent relationships and that the existence of a business must also enhance the process of stakeholders' value creation; conscious leadership; and finally, culture and



management that are conscious (culture conscious). This tenet will internally align with company values and is empowered by decentralisation, empowerment, and collaboration within the company's vein. These tenets strengthen the organisation's ability to innovate sustainably and create a variety of values for its stakeholders (Sisodia, 2011). Thus, conscious capitalism as a quest for higher goals emphasises the organisation's efforts to continuously do business that can create a positive influence for many people by involving the participation of stakeholders' interests (Orel & Kubátová, 2019).

Methods

Research Design and Data Collection

The research design used in this study is exploratory and inductive research using qualitative case study research methods. The researchers tried to do a more in-depth exploration related to co-working space as a conscious business model. Researchers use qualitative case studies because this method allows researchers to explore more deeply the phenomena that occur in an organisation (Yin, 2003). The design of multiple case studies is a research strategy that aims to draw conclusions related to a phenomenon that occurs in one case population. This conclusion is based on the results of careful observations made on several cases selected selectively by researchers. Unlike the general ethnographic case study, multiple case designs not only have to do an in-depth exploration of a phenomenon, they must also be able to make comparisons related to phenomena that occur among selectively selected case samples (Greene & David, 1984). In other words, multiple case study methodology aims to seek relationship within and among the case's phenomenon. Therefore, multiple case study is used to find the similarities and differences among cases (Baxter & Jack, 2008).

The multiple case study design was conducted on three local co-working spaces in the Jakarta area. The selection of Jakarta as a research location was carried out because Jakarta is the city with the largest number of community ecosystems. The city that has the most co-working spaces is in Indonesia (Lawi, 2018). It showed Jakarta as having the highest density and variety of co-working space businesses in Indonesia.

Case selection is made through the consecutive sampling method with the snowball technique (Naderifar et al., 2017). The use of snowball is chosen because the targetted informants in this study specifically lead to specific criteria, namely co-founder co-working. First, researchers utilise search engines on the Tech in Asia site to find the best co-working space recommendations in the Jakarta area. Based on the co-working space recommendations given by the Tech in Asia website, the researchers only chose local co-working spaces that operate independently and then eliminated the global franchise co-working space. Elimination of the global franchise co-working space is done to ensure the cases are selected based on their focus on community development, and not based solely on property management. From there,



researchers made contact via e-mail and also telephone. After getting the contact, then the researchers interview one of the co-founders of the co-working space that meets the prior selection criteria. The researchers then asked for recommendations from the first informant, and the researchers requested their help to provide a contact of their other co-working space co-founders who had the same ecosystem criteria, named community-based co-working and so on. All informants in this study were obtained through the process of providing recommendations (referral chains) or snowball. Empirical data collection was carried out by conducting semi-structured interviews of three co-founders of co-working spaces in Jakarta from April to July 2019.

Primary data were collected using a semi-structured interview method enriched by participatory observation in the co-working space; and collection of artefacts (documents, photos of co-working conditions, co-working websites) of each case.

Table 1. Selected Co-working Space

Site Name	Location	Informant	Business Focus
S Co-working Space	South Jakarta	B as the Co-founder	Micro and Small Business, Digital Start-ups
I Co-working Space	South Jakarta	C as the Co-founder	Socialpreneur Start-ups
K Co-working Space	Central Jakarta	F as the Co-founder	Creative Business

Results and Discussion

After the semi-structured interviews were finished, the researchers make interview transcripts that transform the audio data into conversation narratives. From the narrative of the conversation made, the researchers then codify the keywords, which are to become the common findings in all cases. The bias in the process of collecting and analysing the results of semi-structured interviews in this study is reduced by the mechanism of observation and the mechanism of cross-checking using the triangulation process.

Based on the results of structured interviews and observations conducted by researchers, all co-working spaces that are subjects in this study are considered as conscious business models. First, in all cases, the business model of operating a co-working space is developed and managed with a higher purpose. The results of interviews with the three co-founders of co-working spaces showed a mission statement or fundamental reason for the existence of the organisation (Nickels et al., 2016) as an organisation that has higher purposes. Higher purposes



in the context of co-working spaces businesses refers to the mission of co-working spaces businesses that do not solely pursue business profitability in the form of property management that sells affordable working space for micro and small businesses, start-ups or artists, but also seeks to create value-added for the community members (users) as their stakeholders. In all the cases, the co-founder of co-working strives to help independent users who are members of his community to have a sustainable business. Supporting the business continuity of members of his community is marked by the creation of a collaborative ecosystem that enables the process of sharing knowledge and initiation to collaborate among members.

Thus, the results of in-depth interviews and observations by researchers confirm the value of co-working space as a shared workspace deliberately designed to create a supportive business ecosystem. This collaborative workspace design ultimately encourages a process of co-creation among fellow community members.

The results of structured interviews and observations by the researchers also found that the three co-founders who were the informants in this study showed ownership of the attributes of conscious leadership, where the leadership in all cases is driven by efforts to achieve a higher purpose of a business that is not solely seeking profit but is also equipped with the awareness to create wellbeing towards its users. In this context, the co-founder not only acts as a landlord but also plays an essential role as a problem solver and even a mentor for members of his community. The role of the problem solver is shown from the readiness of the host to facilitate the fulfillment of community members' resources. The community members are mostly small businesses and start-ups that have limited resources to develop their businesses. This helps the business sustainability of their community members, in addition to providing an affordable shared workspace. The host also facilitates the community by providing flexibility in the use of free meeting rooms and event room facilities for all three cases, assistance in arranging legal documents, correspondence addresses, and creating affordable corporate websites for co-working space cases.

Furthermore, to maintain the business sustainability of their community members, the conscious leader in all three cases also provides mentorship with the experience and the business wisdom they have. By becoming mentors, these conscious leaders always provide constructive inputs to improve the products or services that their community members produce. In addition to input on business processes, mentorship also leads to the opening of business network accessibility needed by the community members.

The opening of business network accessibility for community members is inseparable from the existence of a conscious culture that was built in the co-working spaces ecosystem in all three cases. The openness of the co-founder in the accessibility of business networks encourages all members of the community to participate in sharing, exchanging, and increasing resources in the form of knowledge, business ideas and business networks with other members of the



community. This attitude of openness is formed mostly based on the common interests of fellow community members. Common interests owned by each user encourage social interaction and collaboration by sharing information, ideas, and knowledge that are mutually needed among members (Orel & Kubátová, 2019). Yet the social interactions that occur in communities in the three case studies do not occur naturally but are facilitated by the co-working space. It is this social interaction that ultimately forms a collaborative community (Clay Spinuzzi et al., 2019).

Conclusion

The development of co-working space as a form of shared workspace is developing very rapidly in the world, including in Indonesia. More than just being a business solution for affordable office space, co-working spaces in all three cases also offer more value for creators and community activists. The community becomes the value provided by co-working hosts to their users. The formation of community in co-working is done as a solution to the limited resources inherent in most of the members. In this case, the host co-working space strives to create a collaborative ecosystem that encourages and facilitates community members to share, exchange, and combine limited resources. This collaborative ecosystem is believed by the co-founder of the co-working space to make their business sustainable. Sustainable business can only be achieved if the customer as a member of the community, as well as stakeholders, survive and develop their business.

The results of this research indicate that there is an orientation to the business sustainability of its members. It shows the co-working space as a conscious business organisation. Co-working space as a conscious business is marked by the vision and mission of the co-founder of the co-working space to provide more value to its stakeholders, which is more than just pursuing business profitability. From this point of view, co-working can be seen as an organisation that creates a collaborative ecosystem, which facilitates its members to share and maximise their potential to increase the sustainability of their respective businesses (prosperity).

Limitations of Research and Future Research

The multiple case study design that the researchers used is bounded by what Yin [25] called an analytic generalisation. The research findings then, only apply for the three cases. Therefore, a future quantitative study could enrich and validate the results. Moreover, our study also limits the co-working criteria that embrace community values on their business. Future research can also be conducted in a global franchise co-working space to explore the existence of a conscious business in a more organised co-working space.



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