

INNOVATIVE BUSINESS MODELS EMBODYING COWORKING SPACES IN THE WORLD OF SHARED ECONOMY

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Abstract: *In the last decade of the 21st century, society has witnessed a revolution of cooperation as important as the industrial revolution. Referring to Rahul Prakash, „The concept of Coworking Space will not be just a term of the future. It will most likely be just the way we humans work“, but at the same time strong dynamics of technology development. The choice of workspace becomes an opportunity to share values, mutual assistance and cooperation between people with different professions and developing independent ideas, which in turn raises a high level of relevance, and its appearance in Bulgaria in 2012 creates the need for in-depth research.*

Key words: *Shared economy, Coworking spaces, Entrepreneurship. Business models*

Introduction

Sharing is a phenomenon that has existed since its inception. The sharing economy is an economic principle that is constantly evolving. Simply put, it is the use of technology to facilitate the exchange of access to goods or services between two or more countries.

It stems from the notion that mutual parties can share value from an underused skill or asset. This exchange of value takes place through a shared market, a common platform or a level playing field.

The sharing model is not a new concept - as many rural communities thrive on the same idea through barter. However, thanks to the availability of the Internet and mobile technology, managing stock-based transactions has never been easier.

In capitalism, the sharing economy is a socio-economic system built around the sharing of resources. It often involves a way of buying goods and services that differs from the traditional business model of companies that hire employees to produce products to sell to consumers. It includes the shared creation, production, distribution, trade and consumption of goods and services by different people and organizations.

1. The phenomenon of Shared Economy in the 21st century.

Economics of sharing and sharing are phenomena caused by conditions of strong dynamism, constant change and high technological rise. The wisdom that we are what we possess begins to lose its meaning in the presence of new forms of possession and the satisfaction of needs that do not involve property.

These systems take many forms, often using information technology to empower individuals, corporations, nonprofits, and government with information that allows the dissemination, sharing, and reuse of overcapacity in goods and services.

There are two main types of shared economy initiatives:

- Non-profit, usually based on the concept of libraries for borrowing books in which goods and services are provided free of charge (or sometimes for modest subscriptions).
- Commercial, in which a company provides a service to customers for profit.



Although commonly referred to as the sharing economy, this term is an umbrella that encompasses other economic systems such as:

- Collaborative economy / joint consumption
- Peer to Peer
- Freelancer Economics
- Crowdfunding – Crowdfunding is a way to raise funds, with many people being asked to provide small amounts.

Crowdsourcing combines the efforts of many people, each with their own contribution to the end result.

- **Cobranding** – Co-branding is the joining of two or more brands in order to create a new, common product. Together, individual brands can more easily achieve their goals. At the same time, in addition to the relationship between the individual brands, there must be synchronization between each of them and the new product.

We begin to realize that we are connected to a world that we share, exchange, rent, barter or trade in everything. We exchange our cars in **Turo**[1], our sports equipment in **Spinlister**, our offices in **WeWork**[2], we rent and lease our apartments from strangers on **Airbnb**[3]. We exchange lessons for everything from making sushi to coding in **Skillshare**[4] and even exchange our pets in **Rover**[5]. We welcome the wonderful world of consumer cooperation, which allows us to connect what we want with what we need in more democratic ways.

2. The essence of CoWork

Socio-economic and technological environment worldwide - creates a need for business to have access to:

- 1) Physical spaces (office / infrastructure / cafeteria type) as well as
- 2) The sharing of assets such as information / knowledge / contacts.

These needs generate in a very natural, evolutionary way the birth of shared work spaces or so-called „Coworking Spaces“, which become whole societies, fully embody the idea of a shared economy.

From a demographic point of view, these processes coincide with the change of the labor force with people born between 1980. and 1994 (Y), creates preconditions for the entry of the so-called millennial generation, generation (Z) - 1995-2010, whose value system, compared to previous generations, differs drastically. Viewed through the prism of these economic entities, the global picture creates a sense of isolation and impossibility to develop human potential, which in turn creates the need to seek new approaches to human interaction and exchange of knowledge, experience and resources. Many of these people feel the need to escape from established work frameworks in order for them to develop their potential. The working environment turns out to be vital for each subject. People are beginning to feel the need to escape the standard work stereotype of „everyone looks the same and think the same“ and look for workspaces that are reminiscent of home coziness and comfort and to set people up creatively. For them, the opportunity to have a job that allows you to create social contacts, to express your „creativity, to participate in causes that you find important; to expand your horizons; to acquire new skills and most of all to have a life rich in experiences“[6].

The answer to this wave is expressed in heaps of professionals who start working as freelancers, start their own companies, and the place where they develop their ideas are most often their homes, small cafes or small office spaces. But that is not enough. Over time, this way of working leads to the realization of the lack of „collaborative“ or collaborative work, which is expressed in the sharing of values, cooperation and mutual assistance between individual actors.

In this way, the market sees the need for spaces to become a kind of ecosystems, balanced in style and functionality and to enable interaction between people in them.

In the Bulgarian language, this movement carries the literal translation „Coworking spaces“, which is interpreted as a workplace for shared use. Of course, the interpretation of this term does not go so far. Behind the coworking movement lies a whole ideology related not only to the shared use of the workplace, but also to „collaborative“ or collaborative work, expressed in the sharing of values, cooperation and mutual assistance between the individual subjects. It is a way of working in which different people, with independent professions, work together to create value while exchanging information and sharing experiences, through communication and collaboration, all within their own choice.

According to Grandini, Coworking spaces are defined as shared workspaces that house people with different knowledge and experience, mostly freelancers, working to varying degrees of specialization in the vast field of the knowledge industry. Spinuzi[8] explains coworking spaces through the presence of professionals in the same place. Capdevila[9] emphasizes the sharing of resources as well as building a society of individuals in one place. Bilandzic and Foth[10] emphasize the close interaction between consumers, and Morrisset[11] talks about the climate in society, emphasizing the importance of the infrastructure of the buildings themselves as a place to work. Coworking spaces support a volatile startup lifestyle, security for spontaneous ideas, a stable network of contacts, and its purpose is to promote new projects and contacts.

3. Classification of coworking spaces

a) Professional focus of coworking residents – The coworking movement includes shared office spaces that are open to all professional groups, from each sector and business area. On the other hand, there are coworking spaces that specialize in specific professional groups, industry sectors, technologies, business models or social goals. An example can be given with:

- Assembly: Coworking space for women. This coworking allows access only to women. Its purpose is to support and support the development of the fairer sex by offering the necessary infrastructure for their focus on work.

- Puzl – only tech companies: Puzl is a coworking space in Sofia, which accepts only companies from the technology industry. Their goal is to bring together the most interesting technology companies under one roof and create an IT ecosystem that grows organically.

- Coliving – WeLive / The Collective – like closing the full cycle of a working person - from the workplace to the cozy home. In other words, these are coworking spaces that also offer accommodation for their occupants.

The Bulgarian non-governmental organization Move.bg[13] performs an analytical review of the development of the coworking movement in Bulgaria, where coworking spaces are classified as digital, cultural, social and experimental.

- Digital – This type of shared office space houses mainly technology companies and digital nomads, freelancers and other freelancers working in this sector.

- **Cultural** – art and culture. What is specific about them is that it does not house classic companies with a business focus, but people who are artistically oriented in their work. Examples of people working in this type of office space are designers, architects, journalists, companies that are mostly art and others.

- **Experimental:** startup incubators, business accelerators, corporate accelerators and incubators and Venture Capital Firms. Startup incubators, also called Business Incubators, aim to “successfully develop entrepreneurial companies during the years of their formation, when they are most vulnerable, helping them to survive and thrive through a range of business support resources and services developed or managed by incubator management



and provided both within the incubator and provided both within the incubator and within the network of contacts.”[14]

• **Social coworking spaces** – collaboration and cooperation between active people and organizations. Social co-working spaces are „home to a variety of NGOs“[15], social innovators and socially oriented businesses.

b) **According to the design of the coworking space** – Open space areas are ideal because they are made with the idea of society. With such an infrastructure and office design, people can easily communicate, something that cannot be achieved at home. The materials used in the design can also promote the aforementioned activities. Proper use creates the desired comfort.

On the other hand, quite often in the coworking spaces are integrated lounge areas, cafes / bars in this type of space – to predispose members to communicate and work with each other. In other spaces, it relies on other areas to do this activity. The creative coworking spaces have laboratories, sewing workshops, areas with 3D printers, etc. In this way, coworking spaces attract professionals for whom this type of additional services are helpful and could not take advantage of them if they work in separate office spaces[16].

For example, low light and shiny materials do not create the necessary working conditions, the way wood does, for example – one of the most popular materials used in coworking spaces.

c) **According to the type of office space that the coworking spaces offer.** Both in Bulgaria and worldwide, coworking spaces have a variety of options for organizing workspaces in order to best meet the needs of their customers. Most often, coworking spaces offer:

Fixed desks – These are office desks that have a non-fixed character and are located in the Open Space part, where any vacancy can be occupied. This variety of office spaces are suitable for Freelancers / Teleworkers // Digital Nomads. free space at any time, to work indefinitely and to leave whenever he wants.

Fixed desks – located again in the Open Space area and each client could rent a desk for an unlimited period of time. The difference with the previous type of office spaces is that here they have a personalized character, ie here each client can leave their personal belongings after the end of the working day.

In cases where coworking residents are a small company who want to work in the Open Space part, they can always hire the so-called

Team desks – They are office desks with a maximum capacity of 6 people. They are located in the Open Space part have a fixed character. They are suitable for small teams, projects, start-up companies.

Team offices – Allowing working together with their colleagues in a separate work environment, while at the same time being connected to the coworking community, and the glass walls and cozy interior they integrate with the rest of the coworking space. Offices vary in number of offices and size, suitable for companies with teams of 3 to 40 people, and sometimes even more.

This provides flexibility and opportunity for future expansion of teams within the space

e) **Size** – Coworking spaces can be housed in separate buildings or integrated into other rooms (eg libraries)[17]. The spatial frameworks in which a given coworking space is housed play an important role in the collaboration sought between occupants. For example, coworking spaces can be small in size, with a small number of members using space intensively, meeting often and building close relationships[18]. Respectively, when the coworking space is housed in a larger room, the possibility of a closer connection between the

occupants decreases. On the other hand, it should be taken into account that the smaller the coworking space, the fewer opportunities for interaction with a larger number of different professionals. Undoubtedly, the smaller spaces are more reminiscent of the home coziness and warmth sought by this type of office space, but one should not at all costs stand behind the thesis that the smaller size has a more favorable effect on this economic movement.

d) Access – The coworking movement relies on the possibility of fully flexible access to the entire office infrastructure (internet, desks, printers, meeting rooms and all other services offered). Availability and the ability to work 24/7 has a huge competitive advantage over standard office space. This type of flexibility of membership types attracts specific users, offering them a good balance between work and leisure. Moreover, today most of the shared office space allows for work through an hourly rate or membership model, including flexible membership in hours, days and weeks.



Figure 1. Global growth of Coworking spaces

4. Coworking spaces in Bulgaria

In recent years, the growth of shared office space worldwide has been exponential. As can be seen from recent studies in this area, the number of this type of office space is growing by an average of 2 per year. By the middle of 2018, the number of coworking spaces in the world reached nearly 19,000, and it should be borne in mind that they employ just under two million people. Despite the fact that the shared data from the latest world surveys includes Bulgaria, it should be taken into account that our country is still at the beginning of the development of this business model. Although in comparison with the European and American market, the number of coworking spaces in Bulgaria is relatively small, the trends for the development of a given ecosystem are already noticeable in our country. The organizational phenomenon of the coworking movement originated in Bulgaria in 2012, with the opening of the first shared workspace in Sofia – Betahaus[19]. For the past 6 years, the coworking movement has developed exponentially, as over the last year more than 1,000 jobs have been created in the form of coworking spaces and approximately 10 coworking spaces have been created / expanded. Companies such as Telelink[20] and Dreamix have chosen to move out of the standard office building and move into coworking spaces such as Campus X and Work & Share.

For the last 5-8 years, coworking spaces in Bulgaria have become an increasingly popular approach to work. Moreover, the philosophy of shared office spaces imposes a whole new way of working and living. From a completely unknown phenomenon, coworking spaces allow the people who inhabit it to share physical space, culture, values, but also a climate that encourages interaction, openness and the sharing of experience and knowledge.

According to the latest surveys of the NGOs Move.bg and Edit, by the end of 2017, the number of shared office spaces in Bulgaria will reach 33, with the largest concentration of this type of shared offices being seen in Sofia (17 in number). Of course, this data does not stop there. The exponential growth of the coworking movement is strengthened by the fact that from the end of 2017 to the middle of 2018. the number of shared workspaces in Sofia increases with the opening of 8 more shared workspaces – Campus X, Networking - Premium Coworking space, Brain Trust, Trevor Workspaces, Smart Space, Cherryz, Hour Space and Overtaim. Analyzing the data provided by Move.bg and Edit and the data received as of the first half of 2018 in coworker.com. Bulgaria has 41 coworking spaces. Globally, this result is almost negligible (less than 1%), but compared to their total number on the Balkan Peninsula, Bulgaria ranks second, followed by Romania. In 2021, 83 shared spaces were registered for the whole country.

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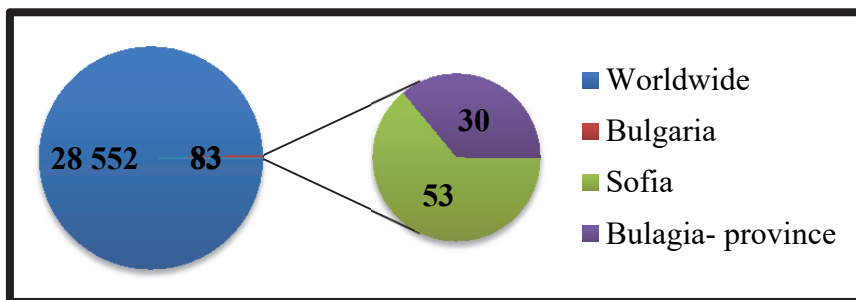


Figure2. Number of coworking spaces in Bulgaria and worldwide

5. Coworking spaces and COVID - 19

Puzl CowOrKing – Nikolay Dimov, Manager

Decrease in revenues for 2020/2019 – 10% - 20%

The company's flexible space occupancy fell temporarily to 83%, but again recovered to over 90%.

Work And Share – Bozhidar Georgiev, Manager

- ✚ Decrease in revenues for 2020 compared to 2019 – 20-30%
- ✚ The losses of some reached 50% due to the nature of the shared space

Conclusion

The coworking movement, which emerged in response to the socio-economic changes of the modern world, has evolved over the last decade from a new alternative to a way of working, to an economic phenomenon of sharing values, mutual aid and cooperation between people with different professions and developing independent ideas. Despite the slower pace of development, the coworking movement is exerting its influence here in Bulgaria as well. The exponential nature of the development of both the number of coworking spaces and the number of coworking inhabitants is proved. Moreover, it is proven that, freelancers, digital nomads and other freelancers, as well as larger companies and corporations are interested in coworking spaces

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