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How Coworking Spaces Affect the Motivation and the Productivity of the Employees

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Foreword

This thesis is the culmination of two good years at the Business School at the University of Stavanger. Writing a master's thesis has been a different and time-consuming process for us. This process has been an educational and wonderful experience for us.

In this foreword, we would like to thank everyone who has helped, supported and encouraged us one by one. In this process, we would like to thank our families and friends who were exposed to our conversations on many subjects, including our pilot interview, and who, despite this, never complained and did not spare their support.

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Abstract

The main topic of this thesis was to find out whether coworking spaces have an impact on an employee's motivation and productivity in their work. The research was conducted through a qualitative study based on ten interviews with employees currently working in a coworking space. In the given analysis, thematic analysis was used.

The assignment is based on theory that deals with motivation, productivity, and how they can be linked. Our analysis showed how coworking spaces impact employee motivation and productivity. The motivation theory we rely on is Ryan and Deci's theory of self-determination. This theory divides motivation into intrinsic and extrinsic motivation. This theory further assumes that people have psychological needs for competence, sense of belonging, and autonomy. We felt that this theory was relevant to our thesis as these elements describe employees well.

One weakness of our research and what may enhance it for further research, would be to find more interviewees. We refer to other research that shows that the answers can change if you examine a larger group of people who work or have worked in coworking spaces.

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1 Introduction

Although the concept of coworking space first entered our lives in August 2005 (Foertsch & Cagnol, 2013), it has started to become more widespread in recent years and according to the estimated data of Deskmag (2019), the number of employees in coworking spaces has reached 2,680,000 in 2020. Although we do not know the exact reason for this increase, we do know that the world is changing day by day, and people's wishes and habits are also changing. Covid-19, which is proof that the world is changing day by day and may even be one of the reasons for the increase in interest in coworking spaces. In Covid-19 time, many countries have imposed curfews for a long time, even weeks (Donthu, & Gustafsson, 2020). This process has deeply affected many people, perhaps all of the people that lived in Covid-19 time, both materially and mentally, for instance in the group that Atalan (2020) did research, it was observed that cases and deaths caused by Covid-19 had effects on mental health. During the Covid-19 process, the transition of many companies to the remote working method may have made a big breakthrough in business life. People have seen that they can now work more flexibly without being tied to an office. In a world that is changing day by day, coworking spaces may have been a solution for these people who are in search of new things in the business world, and perhaps the number of coworking spaces and the number of people working here may have increased. Our research begins after this process.

In our research, we will examine exactly what the concept of coworking space is, how it differs from regular offices and working from home, and who works here. Moreover, we will examine whether these differences created by coworking spaces affect people's motivation to work, if so, how, and whether they increase people's productivity. In conclusion, our research is about 'How coworking spaces affect the motivation and the productivity of the employees'.

1.1 Problem statement

Since the concept of coworking space is a very new concept which is firstly launched on August 9, 2005, we wanted to examine what kind of differences the people working in coworking spaces have compared to their classical working life and whether working in coworking spaces has a positive or negative effect on the motivation and productivity of the employees (Foertsch & Cagnol, 2013). Especially since they get used to normal working life and spend all day in the office. The main focus will be on the impact of coworking spaces, which are unusual and offer a freer working environment than normal office life, on the motivation and the productivity of

employees. Since motivation and productivity differs for each person, working in coworking spaces will affect each person's motivation and productivity differently. Thus, our problem statement will be:

'How coworking spaces affect the motivation and the productivity of the employees'

1.2 Background

One of the main reasons we chose to write about this subject is that after the remote working style that has become more common in our lives with Covid-19, we are now in search of a freer working life as we can see from the people around us. In addition, we observed that the desire to work in classical offices, from nine in the morning to five in the evening, is gradually decreasing due to the fondness of freedom and leisure time, especially in the age of Y and Z, which we also see in our immediate surroundings. Since this information is limited to our environment and we want to work in such an environment in the future, we decided to examine the effect of coworking spaces on employee motivation in more depth. For this, we chose two co-working spaces in our city, and since the co-working environment is a new concept, some of the employees here will be able to tell us about their differences as they have also experienced the classic office life.

1.3 Structure of the task

This thesis begins with defining motivation, productivity and coworking spaces. The motivation theory is taken from the self-determination theory of Ryan and Deci, and is divided into intrinsic and extrinsic motivation. The next part deals with the method we have used, in addition to data collection, as well as analysis of the data. Finally, there is the results section that describes our findings, discussion, and conclusion.

2 Theory

In this chapter we will go through the relevant theories related to the thesis. We begin with introducing the concept of motivation, and its definition, in addition to productivity. We will also look at how these are related, and how it functions in coworking spaces. Lastly, we will go through our research question.

2.1 Motivation

Whether it's to get up in the morning, work hard, or find company, motivation is the power that compels us to act. It can be described as a procedure that affects the intensity, persistence, and direction of behavior that is goal-directed (Holt, et al., 2019, p. 458). The term “motivation” can also be used to express how a person is feeling, like highly motivated or not motivated at all. It can also change over time, such as going through periods of high and low motivation (Ushioda & Dornyei, 2021).

Motivation can be complex, and we have chosen to focus on the definition described by Ryan and Deci. According to Ryan and Deci (2000), the most basic definition of motivation is that being motivated is moving to do something. In another study by Ryan and Deci (1985), they stated that psychological theories are motivational theories if they include energy and direction behavior types. In motivation theory, energy is a matter of needs, so motivation theory here includes both innate needs and needs acquired through interaction, the direction in motivation theory includes processes that give meaning to internal and external stimuli and directs the action to satisfy our needs (Ryan & Deci, 1985). As a result, Ryan and Deci described a person who felt no urge to act as unmotivated, and a person who felt energized and directed to achieve a goal as motivated (Ryan & Deci, 2000). On the other hand, motivation is not only measured by amount, but there are also different types of motivation. *Level* of the motivation shows how much motivation there is for a job while *orientation* of the motivation shows what kind of motivation there is for that job (Ryan & Deci, 2000). To give an example, a basketball player works harder to be appreciated or transferred to a better team is an example of *orientation* of motivation.

In the self-determination theory of Ryan and Deci (1985), they distinguished types of motivations according to goals and reasons, and according to them the most basic one is among *intrinsic motivation* and *extrinsic motivation*.

2.1.2 Intrinsic motivation

Intrinsic motivation is taking action of one's own will, without any reward or expectation, without expecting a result (Ryan & Deci, 1985). It involves doing an activity because it's interesting and you receive satisfaction from it. For example, a child is painting because she likes it, or a person is jogging to relax. Intrinsic motivation is a form of autonomous motivation. Autonomy involves acting with a sense of free will and having the experience of choice (Gagné & Deci, 2005).

Cognitive evaluation theory, which is a subtheory of the self-determination theory, first proposed that external influences like rewards, observation, deadlines, and assessments have a tendency to reduce sensations of autonomy, cause a shift in which extent individuals perceive their own actions from internal to external, and diminish intrinsic motivation (Gagné & Deci, 2005). On the other hand, some external influences, such as giving people an option regarding how to engage in a task, have been shown to promote sensations of autonomy, cause a change in the perceived actions from external to internal, and improve intrinsic motivation. Furthermore, according to the cognitive evaluation theory, feelings of competence and autonomy are vital for intrinsic motivation (Gagné & Deci, 2005). In addition, according to studies, intrinsic motivation can be significantly enhanced by suitably challenging tasks and by positive feedback since it fosters a sense of competence when people feel accountable for their effective performance. Negative feedback that lowers perceived competence, on the other hand, weakens both intrinsic and extrinsic motivation, causing individuals to feel demotivated.

In the self-determination theory, it was discovered that rewards could diminish intrinsic motivation. Nevertheless, the theory showed that in some cases they didn't. For example, it demonstrated that tangible extrinsic rewards did not interfere with intrinsic motivation when they were supplied independently of participation in a particular work (salary, for instance) or when the rewards were not foreseen (unexpected bonus, for instance) (Gagné & Deci, 2005). Furthermore, when people are met with a supportive attitude, rather than a pressuring one, rewards increase intrinsic motivation. The theory thus states that rewards can be used without harming intrinsic motivation. On the other hand, research from the theory has also shown that tangible rewards and other influences such as competition and assessments can be harmful for

results related to intrinsic motivation like creativity, problem-solving, and cognitive flexibility (Gagné & Deci, 2005).

2.1.3 Extrinsic motivation

Extrinsic motivation necessitates an instrumentality between the activity and some separable outcomes, such as tangible or verbal rewards, so fulfillment comes from the extrinsic outcomes to which the activity leads rather than from the activity itself (Ryan & Deci, 1985). Examples of extrinsic motivation are when a child finishes their homework so they can play games with their friends or watch TV, or when a person goes to work to earn money.

In contrast to intrinsic motivation, which is typically autonomous, extrinsic motivation can vary in degree in terms of being autonomous or controlled (Gagné & Deci, 2005). If an activity is not found interesting, it requires extrinsic motivation. For example, if it's a work task that a person does not find interesting at all, extrinsic motivation, such as positive feedback about the work effort or approval from the boss and colleagues, can influence motivation to a larger extent. Extrinsic motivation occurs when people are motivated to receive something beyond their personal control for instrumental reasons. In other words, people direct their efforts towards a reward controlled by others that indirectly fulfills a need. The difference from the rewards linked to extrinsic and intrinsic motivation, is that the rewards here are much more controlled. For instance, expecting a reward because you have done a good job, as opposed to receiving an unanticipated reward.

Extrinsic motivation is about doing an activity because of differing outcomes. People act with the goal of procuring a desired consequence or avoiding an undesired one, so they are only motivated to act when doing so will help them achieve their goals (Gagné & Deci, 2005). At work, an example of an extrinsic motivation factor entails feeling like you must perform a work task within a specific deadline. The employee possibly has no interest in doing this task, but wants to avoid a consequence, such as punishment if it isn't done. The outcome is controlled by others and doesn't require fulfillment. Extrinsic motivation can come from employees feeling an internal pressure on themselves to fulfill these external factors, such as bonuses and good feedback. Another example of external motivational factors within work is that you do not want to disappoint your colleagues if you work in a team.

In self-determination theory, internalization is defined as people acquiring values, attitudes, or regulatory frameworks, to the point where the external regulation of a behavior is changed into an internal regulation and no longer requires the presence of an external contingency (Gagné & Deci, 2005). Internalization refers to three different processes: introjection, identification, and integration. Introjection, in this theory, is defined as a regulation that has been taken in by the person but has not been accepted as his or her own. In other words, a person is controlled. For example, a person feeling pressured to behave a certain way to feel worthy or gain self-esteem. This is linked to extrinsic motivation, as a person may be motivated to work because it may make them feel like a worthy person. Identification involves people identifying with the value of a behavior for their own goals. People feel they have a greater freedom because the task or activity relates to their personal goals and identities. For example, in a workplace and working in a team, a person does their share of the work to, not necessarily because it's interesting, complete the assignment and may feel an obligation to complete their assigned tasks. Integration refers to an individual who has completely taken in the, earlier mentioned, values, attitudes, and frameworks. People who engage in integrated regulation are fully aware that their conduct is a reflection of who they are, that it springs from their sense of identity, and that it is therefore under their control. For example, a school student who found doing homework boring is doing it because they have a personal goal of getting good grades. Although integrated regulation may seem like internal motivation, it is important to remember that it is still external motivation, because the motivation does not come from the fact that the activity is done out of interest in it, but that it is instrumentally important for personal goals (Gagné & Deci, 2005).

Work climates that promote satisfaction of the three basic psychological needs, competence, belonging and autonomy, will strengthen employees' internal and external motivation, and this will in turn provide important work results for 1) decisive and sustained behavioral change; 2) efficient performance, especially on tasks that require creativity, cognitive flexibility, and conceptual understanding; 3) job satisfaction; 4) positive work-related attitudes; 5) organizational citizenship behavior; and 6) psychological adjustment and well-being (Gagné & Deci, 2005). In addition, an increase in motivation can also lead to higher productivity (Bawa, 2017).

2.2 Productivity

The term “productivity” can be difficult to define as just a simple idea, even though it is one of the most popular and regularly used concepts in the field of management (Bawa, 2017). It has also been cited as one of the most significant fundamental factors influencing economic production activities (Tangen, 2002). There is a variation of definitions among different research articles and literature. Mainly it is defined as the output-input ratio (ten Raa & Mohnen, 2002). In other words, the relationship between output and the inputs that are necessary to produce that output (Schreyer & Pilat, 2001). Bawa (2017) describes productivity as the most optimal possible use of resources in the creation of products and provision of services that achieve set goals. To say that productivity is a multidimensional term, is not such an understatement, as its definition can vary in which context it is used. The characteristics are common though. Ghobadian and Husband (1990) suggest three categories for describing productivity in a certain context. The first being the technological concept, defined as the relationship between ratios of output to the inputs used in production. The second being the engineering concept, defined as the relationship between the actual and the potential output of a process, and lastly the economist concept, defined as the efficiency of resource allocation.

In this thesis we have chosen to focus on Bernolak’s (1997) definition of productivity, which is how much and how well we produce from the resources used. Productivity increases when we produce improved or additional items using the same resources, or we can boost productivity if we produce the same items using fewer resources. The term "resources" refers to both human and natural resources, including both the labor force and the physical assets that allow for the production of commodities and the provision of services. The land and buildings, stationary and mobile machinery and equipment, tools, raw materials, stocks, and other current assets are among the resources that people use (Bernolak, 1997). Two significant characteristics are covered by this definition. First of all, how resources are used and made available has a direct impact on production. This basically means that if a company's resources are misused or are insufficient, productivity will suffer. Secondly, value creation and productivity are closely related. Therefore, high productivity is attained when resources are used in a way that gives the products of manufacturing transformation value. Consequently, a key finding is that in order to increase productivity, waste must be eliminated because waste may be seen as the antithesis of what production denotes (Tangen, 2005).

It's a common error to confuse production—the quantity of a good or service produced—with productivity (Tangen, 2005). This may suggest that an increase in production also increases

productivity. A change in productivity in the form of improvement can be caused by five different relationships (Misterec, Dooley & Anderson, 1992):

1. Output increases faster than input; the increase in input is proportionately less than the increase in output (managed growth).
2. More output from the same input (working smarter).
3. More output with a reduction in input (ideal).
4. Same output with fewer inputs (greater efficiency).
5. Output decreases, but input decreases more; the decrease in input is proportionately greater than the decrease in output (managed decline).

2.2.1 Productivity measurement

In theory, you can measure productivity, but this may induce some problems. According to Schreyer and Pilat (2001), measuring productivity can be especially difficult when comparing productivity growth across countries, both for the entire economy and for different industries, in addition to internationally. It can also be challenging measuring labor input (Schreyer & Pilat, 2001). There is said to be two different levels of productivity measurement: the macro and the micro level (Günter & Gopp, 2022). The national or industrial sector economy is the main emphasis at the macro level. The shop floor and lower corporate levels are included in the micro level (Günter & Gopp, 2022; Misterek et al., 1992). Productivity is considered a critical indicator at all levels.

There are three different types of productivity measurement that can be distinguished. These are total productivity, total factor productivity, and partial productivity (Günter & Gopp, 2022). Total productivity is the relationship between output and various types of input. Input and output elements are typically converted into monetary units in total productivity techniques. Additionally, the majority of these strategies are based on a production function. A significant drawback of production function-based approaches is that they lack measurement transparency and are consequently regarded as being overly complex. In industry, they are seldom ever used. Total factor productivity is mostly used to quantify productivity at the macroeconomic level and is defined as output in terms of profit to input in terms of labor and capital. Input and output variables are both stated in monetary terms. One can also consider exports and imports. Output connected to a single type of input is referred to as partial productivity. In the literature, labor,

machines, and materials are the initial divisions of input factors. The most prevalent partial productivity is labor productivity. It is widely employed in the industry because it is simple to grasp, well-liked on the shop floor, simple to execute, and simple to operate. However, factor tradeoffs are ignored, which is a serious drawback for partial productivities. Several variables affect the result. Therefore, raising a single component does not always result in an increase in productivity. In summation, measuring productivity can depend on a various number of factors, such as the type of industry or sector, or which unit of measurement is required. In the service sector, for instance, the output is intangible, and the value of the service is determined by the client's experience and the service's result, which will differ in the manufacturing sector (Günter & Gopp, 2022). Furthermore, depending on the context, productivity has several meanings. For instance, senior managers' perspectives on productivity will typically differ from an assembly line operator's more operational perspective on productivity. According to this logic, each level's perspective on productivity must be diverse, and each level may have its own unique methods for reaching high productivity (Tangen, 2005).

2.2.2 Efficiency and effectiveness

Many confuse productivity with efficiency and effectiveness, and often look at the terms as interchangeable (Tangen, 2005). Typically, "doing the right things" is how to define effectiveness, whereas "doing things right" is how to define efficiency (Tangen, 2005). In other words, effectiveness, which primarily affects the numerator (outputs) of the productivity ratio, is frequently associated with the production of value for the consumer. "The ability to achieve a desired objective" or "the extent to which desired results are achieved" is a solid, straightforward definition of effectiveness. Such definitions bring up an intriguing idea: an organization's potential for effectiveness typically has no bounds (Tangen, 2002). On the other hand, efficiency is typically described as the ratio between the least amount of resources that are theoretically needed to conduct the intended activities in a particular system and the amount of resources that are actually consumed. In addition, whether it is based on time, money, or other units, the efficiency ratio is quite easy to calculate. Also, efficiency is quite related to the idea of utilization rate (also known as degree of utilization), which refers to how much a piece of equipment or a process is really used relative to its maximal capacity (Tangen, 2002).

Productivity and efficiency are related, but not identical concepts (Schreyer & Pilat, 2001). A company or industry is deemed inefficient if it has the capacity to increase output while using

the same inputs, which means that it is located on the production potential curve rather than outside of it. Regardless of the efficiency of their utilization, productivity links the volume of output produced to one or more inputs employed in its production (Schreyer & Pilat, 2001). According to Syversen (2011), productivity is efficiency in production, which comes to show how the different terminologies can involve each other. The difficulty with the terms “productivity”, “efficiency” and “effectiveness”, is that they are closely related, but are not always clearly defined. Thus, efficiency and effectiveness are often misunderstood as productivity (Günter & Gopp, 2022).

2.3 Coworking spaces

The concept of coworking spaces has become one of the most frequently encountered concepts in business life in recent years. The idea of 'coworking space' was first introduced in 1999 to describe a method coordinated by computers to facilitate collaborative work and meetings (Foertsch & Cagnol, 2013). Then, in 2002 Schraubenfabrik started operating in Vienna as the mother of coworking spaces but is not officially a coworking space, this entrepreneurship center was later renamed Hutfabrik in 2004 and Rochuspark in 2007 and is run by Konnex Communities (Foertsch & Cagnol, 2013). Thereupon officially the first coworking space was launched on August 9, 2005 by Brad Neuberg as a non-profit co-op in San Francisco in response to inefficient home offices and asocial work centers (Foertsch & Cagnol, 2013).

After that, the number of common work areas and the number of employees in these areas started to increase very rapidly. As a matter of fact, according to the rounded data of Deskmag (2019), the number of coworking spaces was 8,900 in 2015, while this number reached 18,700 in 2018 and the estimated number for 2020 reached 26,300. In addition, the number of people working in coworking spaces increased from 545,000 in 2015 to 1,650,000 in 2018, with a forecast of 2,680,000 for 2020 (Deskmag, 2019).

2.3.1 What is coworking, and coworking spaces?

In simple terms, coworking is when an independent group of people or people who can work remotely, without being tied to a place, work better together than alone (Spinuzzi, 2012). Coworking spaces, on the other hand, are workspaces that are open to everyone, where there are offices, desks and spaces where independent people use it together (Spinuzzi, Bodrožić, Scaratti & Ivaldi, 2019). Basically, people or companies can rent a space, office, or even a desk from their coworking space, where they can work and exchange ideas, and even

socialize with other people or companies like themselves. At the same time, coworking spaces provide office equipment and internet use for people here, so coworking spaces are an attractive solution for people who can choose their own working hours and environment (Robelski, Keller, Harth & Mache, 2019).

Furthermore, there are three different elements that distinguish common work areas from classical offices; original human profiles, socializing, and aesthetic designs (Waters-Lynch, Potts, Butcher, Dodson & Hurley, 2016). So what are these three different elements (original human profiles, socializing areas, and aesthetic designs)?

To first examine the original profile of people, these people are usually composed of young people in their twenties, and are more free-spirited, independent, and more suited to the concept of freelance (Waters-Lynch et al, 2016). As a result, informal clothing styles, language, and a social understanding began to emerge in working areas, unlike the normal business life, as in urban cafes (Waters-Lynch et al, 2016).

To exemplify socialization, coworking spaces employees often describe themselves as the 'membership community', and these spaces feature social events, digital networking sites, and physical boards displaying membership profiles, in addition, coworking spaces facilitate self-promotion, which can enable like-minded people to collaborate (Waters-Lynch et al, 2016).

Finally, when we come to the aesthetic design part, coworking spaces have a different understanding in the standardized aesthetic understanding that 'Fordism' and 'scientific management' bring, reflecting the professional business life (Waters-Lynch et al, 2016). These coworking spaces have acquired a design concept that reflects the Google office style, emphasizes creativity, is more fun, and has large areas. And coworking spaces were generally established in place of old factories and production areas, and even for research, 42% of the coworking spaces were replaced by buildings over 50 years old (Waters-Lynch et al, 2016). Moreover, based on Deskmag (2019)'s 5% trimmed average (excluding the lowest and highest 5% of values), the average size per coworking space location in square meters has steadily increased from 332 in 2014 to 793 in 2018, and decreased to 725 for the first time on a yearly basis in 2019.

Bouncken and Reuschl (2018), on the other hand, explained this concept as 'six dimensions of coworking' in order to better explain coworking. These six dimensions are coworking-users,

social intensity, Institution of the coworking-space provider, Physical assets, Availability, and Professional focus and competition.

2.3.2 Six dimensions of coworking

1. Coworking-users
2. Social Intensity
3. Institution of Coworking Space Provider
4. Physical Assets
5. Availability
6. Professional Focus and Competition

1. The characters and targets of the coworking-users set the environment and the mood of the coworking spaces, and these coworking-users are simply divided into three; utilizers who use the facility, space, and equipment, learners who exchange information and gain knowledge, and socializers who want to know people and look for recognition (Bouncken & Reuschl, 2018).

2. Second, social intensity includes social interactions among employees in coworking spaces (Bouncken & Reuschl, 2018). Establishing a social bond and networking are encouraged with the activities, training and seminars, and at the same time, it is aimed that the employees feel they belong there (Bouncken & Reuschl, 2018).

3. Coworking spaces have forms such as public, private, or semi-private-public, and they can be legally affiliated to institutions, and depending on this form and affiliations, the working style, culture, autonomy and goals of coworking-users are shaped (Bouncken & Reuschl, 2018).

4. The fourth dimensional is physical assets. The general structure of the coworking spaces (single office or public library), socializing areas such as the cafeteria, its technological infrastructure or competence, and the variety of equipment owned also affect the life of the employee using the coworking space (Bouncken & Reuschl, 2018).

5. Availability, on the other hand, determines when and what opportunities the coworking space can use (Bouncken & Reuschl, 2018). With different membership models, it determines how long the area can be used weekly, monthly, annually, and what facilities and equipment can be used thanks to the membership, and this determines the type of employee who wants to use this area (Bouncken & Reuschl, 2018).

6. Finally, professional focus and competition identify mergers and competitions in coworking spaces, while coworking spaces can organize events, seminars, and training for members and participants to support these mergers (Bouncken & Reuschl, 2018).

2.3.3 How does a coworking space generate revenue?

Coworking spaces often run a business model that is essentially similar to the serviced office industry, by setting up a space or office to its customers for a flexible fee, mostly monthly and all-inclusive (Waters-Lynch et al, 2016). Howell (2022) explained this situation in three steps. The first step is that the owners of the coworking areas rent the buildings for a long-term and multi-year basis. Secondly, they divide the rented building into sections and rooms as offices, common areas, tables, and even cafes with socialization opportunities. Third and lastly, these areas are divided into more people, higher rents to other people or companies at low prices, and with flexible rental terms such as month-to-month. However, no matter how flexible the rents are, according to Deskmag (2019), people or companies are not very willing to leave their coworking space. According to Deskmag's (2019) rounded statistics, the rate of those who do not want to leave where they are was 66 percent in 2012, while this rate goes up and down over the years, but the rate is always around 60 percent in general and is 60 percent in 2019. The rate of those who want to stay at least one more year was 18 percent in 2012, increasing and decreasing by 1-2 percent over the years, and this rate is again 18 percent in 2019. Those who want to stay at least 3 more months in their current area are 14 percent in 2018. It starts with 14% and ends 2019 with 14% again, with fluctuations between 3-4% and upwards. While the rate of those who want to leave the area they are in in less than 3 months started with 0 percent in 2018, this number was 2 percent in 2014, 5 percent in 2016, 11 percent in 2017, 9 percent in 2018 and finally in 2019 is 8 percent.

2.3.4 Economic effects of coworking spaces

In the study of Vogl and Akhavan (2022), it was observed that coworking spaces have positive effects on the local economy in rural areas. There are two arguments thought to cause this; the first is to promote innovation in that region or that country, and the second is to encourage rural entrepreneurship and start-ups by using the network of coworkers, enterprises, and accelerators for regional economic growth (Vogl & Akhavan, 2022). In addition, it was concluded that there was an increase in local business with the opening of coworking spaces (Vogl & Akhavan, 2022). Based on this information, it has been observed that the coworking spaces opened in

rural areas make a positive contribution to the economy, business lines and the development of that region.

2.3.5 Who are these tenants, how do they contact each other?

The tenants of these offices generally include entrepreneurs, remote workers, freelancers, and people who have an independent, non-traditional way of working but are unable to rent an office (Waters-Lynch et al, 2016). These people can be from creative industries such as journalists, designers, and architects, from engineering and digital industries such as IT, software developers, and consultants, and so on (Vogl & Akhavan, 2022). Waters-Lynch et al, (2016) stated that the majority of people working in coworking spaces fall into three categories: freelancers, early-stage entrepreneurs or members of startups, and small business teams, and only a small fraction are people working under a company or organization. In the study of Waters-Lynch et al. for the years 2010, 2011, and 2012, freelancers constitute 53-54 percent of those working in coworking spaces in these three years, entrepreneurs account for an average of 15 percent of those working in coworking spaces in these three years, entrepreneurs with 5 or less employees make up an average of 9 percent of these employees, company employees with 100 or more employees make up an average of 10 percent, and company employees with 100 or less employees make up an average of 6 percent of those working in coworking spaces.

In short, people who are not affiliated with the office of the place where they work, who can work wherever they want, who have their own venture or who work alone can work in coworking spaces. In addition, there is usually an operator who organizes and supports events in these areas (Robelski et al., 2019).

Uda (2013), on the other hand, associated coworkers with freelancers, small-scale entrepreneurs, and organizational members because the definition of coworker can be applied to these concepts as well. According to Uda (2013), small scale entrepreneurs and organization members have high degree of contact but low degree of diversity, because organizational members are usually in communication among themselves, so even if they are in contact a lot, this communication is a communication within their own organization. Small-scale entrepreneurs, on the other hand, have a low degree of diversity, although not as much as organizational behavior, since they still have joint business (Uda 2013). Freelancers, besides, tend to communicate less than other groups because they run an independent business, but when

they communicate, they come second after coworkers in terms of diversity because there is no specific working group they have to communicate with (Uda, 2013). Uda (2013) defined the coworker as individuals who work together with people with different qualifications in a certain field, so while the degree of diversity of the coworker is higher than the others, however, the degree of contact is lower than that of small-scale entrepreneurs and organization members, as they work collaboratively.

2.3.6 Differences between working from home vs coworking spaces

Working from home has become a part of our lives after COVID-19 (Bloom, 2020). According to Bloom (2020), with 42 percent of the workforce in the United States working from home, this data may have changed now as it was shared post-COVID-19 and in 2020. Furthermore 12% of German employees are working from home and 30% of Swedish employees have a chance to work from home (Robelski et al., 2019). But working from home is not suitable for every job (Bloom, 2020; Robelski et al., 2019). Bloom (2020) stated that working from home is basically for people who can carry out their jobs by computer using teleconference, phone, email, and etc. Moreover, according to Robelski et al. (2019), healthcare providers, production of goods are examples of people who cannot work from home. So, people who are allowed by their companies and who can easily do their work remotely with their computers or smartphones are the people who can work from home.

According to Aczel (2021), working from home has both advantages and disadvantages. The advantages are not having to go to work, managing household and family chores more easily, autonomy in the use of time are examples of this, At the same time, it has been observed that people who work from home are more motivated and more satisfied thanks to their work-life balance (Aczel, 2021). Furthermore, in an experiment conducted among call center employees, it was seen that working from home increased the work performance of the employees by 13% (Aczel, 2021). Another study in the United Kingdom, involving 30,000 households, showed that working from home is positively associated with leisure satisfaction, which is suggested as being able to spend more time on leisure activities (Aczel, 2021). In a study by Bloom (2020) of 2,500 United States citizens aged 20-64 who earn more than \$20,000 annually, 51 percent of citizens stated that working from home is mostly (more than 80 percent) efficient for them 12.3 percent of these people said that working from home was partially efficient (50-70% efficient), 5.9 percent said barely (less than 50 percent efficient), while 30.7 percent said they could not run their business from home. Moreover the vast majority of employees who run their

jobs mostly efficiently are managers, professionals, and financial workers who can easily run their jobs via phone, computer, teleconference, and email (Bloom, 2020).

Besides these positive aspects, there are also many negative aspects. Some of these are, the disconnection experienced due to little or no physical contact with co-workers, unexpected disturbance by children, neighbors, and friends, and the fear of not being able to advance in business life or not being promoted because of being away from the office and out of sight (Aczel, 2021). In addition, there is a study that shows that some people get up later than the beginning of work because they work from home, and therefore they work more than their normal working hours (Felstead & Henseke, 2017). Not being able to socialize is one of the negatives of working from home, and we can see this in the experiment with call center employees, which we gave an example before, 50% of the participants in this experiment preferred to go back to their offices because they felt very isolated at home (Aczel, 2021).

Moreover, apart from the personal point of view, if we look at it from the organizational side, Yahoo recalled its employees in 2013 for compromising quality and speed, and Hewlett-Packard also appealed to its employees that if we had more employees working in the office, we would be a better company (Felstead & Henseke, 2017).

In conclusion, if we have to compare coworking spaces and working from home, the two concepts are employees who do not have to go to the office they are physically connected to, or without belonging to a certain office. Employees in coworking areas mostly include freelancers, entrepreneurs, coworkers, while there is no such information for those who work from home. A few of the main features of coworker spaces are collaboration, community, sustainability, openness, and accessibility (Robelski et al., 2019). From here, we can see that coworking spaces offer the opportunity to belong to a community, interact more, and collaborate more, unlike those who work from home. In contrast, working from home enables people to spend more time on leisure activities. Furthermore, coworker spaces are more social than working from home, and according to Robelski et al. (2019), a social environment is the main reason for some people to work in coworking spaces.

2.4 Research question

This thesis is about *how coworking spaces affect the motivation and the productivity of the employees*. The issue in the thesis is quite open, as a qualitative investigation is intended to explore. In a study from the Harvard Business Review, done by Hadly, Marks and Wright

(2023), it was shown that some employees found working in a coworking space to be more interpersonally satisfying. One key factor is that coworking spaces give workers better opportunities to relationally create their work, or choose which other professionals and how they interact with them during the workday (Hadly, Marks & Wright, 2023). In another study from Howell (2022), it showed the coworking spaces were beneficial for efficiency, flexibility, and legitimacy, whilst a drawback is the distraction and loss of productivity. It also noted several benefits in regards to coworking communities. These are connections, solutions, energy and motivation, and social support (Howell, 2022). These studies show that there are different ways to look at coworking spaces. For instance, how they affect an individual, rather than a business as a whole. We are looking at the effect coworking space has on an individual worker, regarding motivation and productivity. Theory shows that these are related. An increase in motivation can increase one's productivity. Motivation is the reason for much of the work effort of employees. The focus on motivation in this thesis is taken from Ryan and Deci's self-determination theory of intrinsic and extrinsic motivation. In order to work productively, various motivation factors have a lot to say.

3 Methodology

In this section we will explain which method we used to research our problem statement and how we used this method.

3.1 Choosing the method

Research is simply a search for information, if we want to deepen it a little bit, we can also explain research as a systematic and scientific search for information on a particular subject (Kothari, 2004). Goddard and Melville (2004) defined research as answering a previously unanswered question or discovering something that has not yet been discovered. There are some types of research to investigate the information that you want, but the two basic approaches are quantitative and qualitative approaches (Kothari, 2004). These approaches can be used either alone or at the same time. To distinguish between these two research methods, the quantitative research method makes use of numerical data, while the qualitative research method makes use of the observation of events, people, interactions, or behaviors (Cadena-Iñiguez et al., 2017). In addition, group interview techniques, projective techniques and in-depth interview techniques are generally used in quantitative research (Kothari, 2004). While investigating the 'effect of coworking spaces on employee motivation', we chose the quantitative research technique, and we did this research with the group interview technique since we want to observe their motivation and the effects of motivation to work in coworking spaces.

We chose the thematic analysis method to analyze our data. We decided to choose this method because of the flexibility of the thematic analysis method, the ability to analyze a wide range of data types, and it is suitable for the interview technique we use (Terry, Hayfield, Clarke & Braun, 2017).

3.2 Qualitative approach

The qualitative approach is a subjective approach that examines attitudes, ideas and experiences, and in this analysis the intuitions and impressions of the researcher play a role and do this without making use of quantitative data (Kothari, 2004).

3.2.1 Selection for interview

When choosing the people we interviewed, the most important thing for us was that the person we interviewed should work in the coworking area and be a member of that place. For this, we reached out to two different coworking spaces. One of the people in charge of the coworking

space reserved a meeting room for us for a few hours, and we talked to people in the coworking space and let them know we wanted to interview them about our thesis. After talking to a large number of people, we got the contact information of about 20 people and reached out to them for an interview via email or phone. In the end, we ended up interviewing 8 out of the 20 people. Since the 8 people we interviewed work for different companies, we aimed to hear different opinions about the use of the coworking space. In the other coworking space, we conducted our online interview with 2 people arranged by an authorized person we reached out to. Here, we aimed to see that there are different processes by communicating with a different coworking space.

3.2.2 Semi-structured interview

Interview is one of the methods used to collect data (Fylan, 2005). Also, we can basically divide interviews into three categories: structured interviews, semi-structured interviews, and unstructured interviews (Zhang & Wildemuth, 2009). We chose to use the semi-structured category in our interviews and the biggest reason was that we would conduct our interviews one-to-one. Therefore, the features of being more flexible provided by the semi-structured interview, the ability to ask the 'why' question when we want, to go beyond the questions we have prepared beforehand, and to reach deeper information, are reached (Fylan, 2005). The interviewer in the structured interviews asks all the respondents the same pre-prepared questions, and apart from the rare open-ended questions, there are not many different answers that can be answered and there are no in-depth answers (Fontana & Frey, 2005). Unstructured interview, on the other hand, takes place more spontaneously, the interview progresses as a conversation, and questions are produced according to the answers of the interviewee (Zhang & Wildemuth, 2009). In addition, according to Zhang and Wildemuth (2009), if your research goal is defined, it would be more appropriate to use a semi-structured or survey method. Thus, we decided to use the semi-structured interview technique, which is the most suitable for us, since we defined our research goal, prepared certain questions beforehand, but we could go beyond these questions when necessary.

3.2.3 Interview guide

We chose to follow the procedure of a standardized open-ended interview. Our interview guide included 23 questions, and all the participants were asked the same identical questions (see Attachment 1). The questions were all open-ended which allows the interviewees to contribute as much detailed information as they desire (Turner III, 2022). In addition, we were able to ask

follow-up questions if needed. Everyone has the same opportunity to answer just as they like and to understand the questions in their way. Furthermore, we wanted the questions to stay as neutral as possible, so our questions did not affect the way they were answered. We added “why?” as a follow-up question, if we were not satisfied with the answers provided.

We started the interviews by asking about age, education, position within the company, company field, and life situation. We did this to see if how people are would affect our other questions. For example, if a married person with children would appreciate working from home rather than an office because of their life situation. A study conducted by Raišienė, Rapuano, Varkulevičiūtė and Stachová (2020), showed that employees with families enjoyed working from home to a greater extent. In regard to position within the company and company field, we asked this because this may also affect the results. For instance, if someone is in charge of a whole company, their answers will vary from someone working as an employee for the same company. Especially regarding questions about if you receive encouragement from your leader. In addition, the latter is to keep the companies within the coworking spaces anonymous. Our interview guide had a variation of questions, from how the employees are as people and more personal qualities, to how they perceive the coworking space. The reasoning behind this was to see if how they are as people affects working in a coworking space, in addition to how the specific coworking space could affect their answers.

3.2.4 Pilot interview

After preparing our questions, we presented our interview guide to our advisor before conducting our interviews, and we received feedback on the questions we prepared and made some changes in accordance with these feedbacks. After rearranging our questions, we decided to conduct a pilot interview. We conducted the pilot interview to test the relevance of the questions, to get early suggestions about the viability of the research, and to learn about our interview skills and conversation flow (Majid, Othman, Mohamad, Lim & Yusof, 2017). We chose to conduct this interview with our family members, who are our closest relatives, in order to receive more objective feedback. With the feedback from them, we made a few small changes, got a view of where the research could go, and had a little experience with how the communication and question flow should be. Finally, after asking these questions to a few more of our friends, we decided that there would be no further changes and we had a better idea of how the flow should be. Now that we decided that our questions were ready, we started our interviews.

3.2.5 Conducting the interviews

Each of the interviews we conducted in this thesis was conducted in the form of individual interviews. First, the contact information of the people who were physically present in the coworking area were obtained, and then these people were contacted via email or phone. One of the interviews was done on Microsoft Teams, while the others were done via phone calls. Our interviews with the other coworking area were made by contacting the employees there through a friend and by phone calls in the same way. In this way, instead of sending questions to the interviewees and getting answers, we had the opportunity to go beyond the question patterns and ask additional questions if necessary.

In regard to the interviews, we first started by presenting our topic and problems, and then we took note of the answers we received to the questions we asked. No matter how remotely we conducted our interviews, we completed these meetings without encountering any technical problems and without being disturbed by other people. However, we spent our meetings in a very comfortable and respectful manner, completely without solely depending on the questions and answers that we prepared in advance, interrupting each other if necessary, and making additions.

3.3 Validity and reliability

Qualitative research can be done as a social science, but for the objectivity of this research to be appreciated, it must be evaluated for its reliability and validity (Kirk & Miller, 1986). Establishing validity when writing qualitative research is quite simple. In order to understand social phenomenon, one is concerned with understanding the reality of the other person based on their problem area (Stenbacka, 2001). The fact that the informant is a part of that problem area and providing the right to respond freely is sufficient to establish validity (Stenbacka, 2001). While preparing these questions, we tried to have a good command of the subject and did not force anyone to say anything during the interview and gave everyone the opportunity to speak freely. This allows us to say that this study is valid.

Stenbacka (2001) says the fundamental question of reliability concerns a measurement method's ability to produce the same research result over and over again. This can be difficult to show in qualitative research, as a researcher's interview questions, and way of proceeding can vary. We have tried to ensure reliability by dictating all the interviews through Microsoft Word, which means that we have some sort of raw material that has not been influenced by us

as researchers. In addition, we transcribed everything simultaneously, but since we have raw material, we can go back and show it if there are any questions about the transcription. Stenbacka (2001) also says that a thorough description of the entire process, which enables conditional intersubjectivity, is what indicates good quality when using a qualitative method. As the study is presented as a thorough description of the entire process and everything is visible to the reader, we would say that it shows reliability in the best possible way in relation to a qualitative method.

4 Data analysis

According to Braun and Clarke (2006), thematic analysis consists of six different phases:

1. Familiarizing yourself with your data
2. Generating initial codes
3. Searching for themes
4. Reviewing themes
5. Defining and naming themes
6. Producing the report

For the first part of these phases, we used the dictation feature of Microsoft Word during our interview and took notes of what was said. Then, we checked the small mistakes in the text we obtained thanks to the dictation application, together with our notes, and made it more meaningful. Thanks to our notes and dictation application, we have read through the paperback several times and become more familiar with both the questions and the answers. Then, as Braun and Clarke (2006) claims, we made notes from these interviews to move on to introductory ideas and coding.

After the first phase, we moved on to the second stage where we needed to create the codes. The purpose of this phase is to systematically encode interesting features of the data and collect data about these codes (Braun & Clarke, 2006). For this, we re-examined all the data we had written down and noted down all the parts that we thought might be interesting and we found as much code as possible for the next phase, searching for the themes. While doing these, we applied the three key advices given by Braun and Clarke (2006) for this phase: collecting as much code as possible for potential themes because you may not be using it now but it may be of interest to you in the future, some of the surrounding data should be retained if relevant, and finally that individual parts of the data can be encoded into as many different 'themes' as they fit.

The third stage is the collation of the collected codes into potential themes (Braun & Clarke, 2006). In this phase you begin to analyze the collected codes and think about how the different codes will come together to form a theme (Braun & Clarke, 2006). We also started to analyze the codes we collected, and as a result of these analyzes, we created some themes and sub-

themes. While doing this, we preferred to use tables to make it easier to understand visually. After creating our table, we are ready for the next phase, 'reviewing themes'.

In the fourth phase, as the name suggests, the themes are reviewed. In this phase, problems such as some themes are not actually themes (because there is not enough data to support that theme), while some themes are actually very similar to each other, such as grouping them under a single heading, or dividing other themes into separate themes, are noticed and then corrected (Braun & Clarke, 2006). In this part, we examined the connection and harmony of our themes and sub-themes, corrected the mistakes we found, and decided to move on to the next phase after we decided that our theme was descriptive.

The fifth phase begins if you have a satisfactory thematic map, and in this section the themes to be analyzed are now named, and each theme should be given a precise and clear name that the reader will understand as soon as he or she looks at what the theme is about. (Braun & Clarke, 2006). Since a detailed analysis will be written about each theme, it is important to choose a name that will describe this analysis correctly (Braun & Clarke, 2006). We also paid attention to this when we were naming and tried to comply with these stimuli.

The last phase is 'producing the report'. This stage includes entering everything into the table and presenting the themes and codes. At this stage, sufficient evidence should be provided for the themes in the data, and there should be a consistent, non-repetitive story between the themes. We came to the end of this process by completing this phase after we made sure that the connections between our themes, the explanatory nature of our themes, their consistency and that they were not repeated.

5 Results

Overview of the subcategories and codes:

Subcategories	Codes/Themes
Life situation	Description person
Characteristics	
Work climate	Work environment
Performance-based work climate	
Workplace	
Productivity	Description work
Variation	
Facilities	
Intrinsic motivation	Motivation
Extrinsic motivation	

Table 1: Subcategories and codes/themes.

Through the coding, we found four different themes that fit our problem statement. These topics are description of person, description of work, work environment, and motivation. In the table below, we have divided these themes and subcategories into dimensions and an explanation of these.

Codes	Subcategories	Dimensions	Explanation
Description of person	Life situation	Age	Majority is over the age of 30 years old.
		Children	Two mention they have children.

		Relationship	Two people are single, the rest in relationships.
	Characteristics	Extraversion	People are outgoing and social. Enjoy having other people around.
		Introversion	People like and need alone-time.
		Curiosity	People are curious about their work and other people around.
Description work	Productivity	Communication systems	People can reach each other easily and quickly through communication systems if not at work, which improves productivity.
		Motivation	People need to be motivated to be productive.
		Facilities	Better work facilities at the office increases productivity.
	Variation	Flexibility	Flexibility to work anywhere.
		Varied work tasks	The tasks are varied, and non-repetitive.
	Equipment	Digital tools	Everyone uses digital tools, including internal systems for communication.
	Work environment	Work climate	Networking
Communication			Everyone uses communication platforms. Everyone sits together so communication is easy.

	Performance-based work climate	Cooperation	Everyone works together and likes cooperating.
		Encouragement	Everyone encourages each other. Well-being routines.
		Regular meetings	Everyone has weekly meetings with colleagues and alone with the boss.
	Workplace	Design	Workplace design improves creativity.
		Limitations	Limitations for expansion of a business. Rules for operating a business.
		Areas	Meeting rooms with different themes. Businesses have individual offices. Social areas.
Motivation	Intrinsic motivation	Good work environment	Great colleagues and a good working environment increases motivation.
		Freedom	The freedom to work from anywhere increases motivation.
		Inspiring workplace	Inspiring workplace creates motivated employees.
		Personal development	Challenging tasks and learning something new results in personal development, which increases motivation.
	Extrinsic motivation	Feedback	Open communication. Good feedback increases motivation.
		Share ideas	Sharing ideas increases motivation.

Table 2: Subcategories, codes, dimensions, and explanations.

5.1 Description of person

This code explains the type of person working and how it affects their work life, especially in coworking spaces. This code is divided into two subcategories: *life situation* and *characteristics*. *Life situation* describe how the home-life of a person can affect their work-life, whilst *characteristics* describe how a person sees themselves and how it eventually can affect their work-life. The first subcategory, *life situation*, is divided into three dimensions: *age*, *children*, and *relationship*. From the people interviewed we gathered that the majority of interviewees were in their thirties, even forties. Not a single person we interviewed was younger than thirty years of age. Secondly, only a couple people interviewed informed us of having children. Choosing to work from home can be an advantage when having children, as one has more time for them and gets to see them more often. In this case, the people who had children explained that they liked being at the office more, as they are not disturbed by their children. Of all the people interviewed the majority were in a relationship. This did not seem to have an effect on their answers when asked if they preferred working from home or in the coworking space.

Our second subcategory is *characteristics*, which is divided into three dimensions: *extraversion*, *introversion*, and *curiosity*. Most of the people interviewed described themselves as social, energetic and extraverted. Furthermore, we found that most of the people we interviewed were people who like to meet new people, socialize in common areas, attend social events organized by the coworking space and expand their networks. This fits the general concept of coworking spaces, because, as we mentioned before, coworking spaces are more social spaces than normal classical workspaces. Extroverts may have chosen to work here because of this. From some of the people we interviewed, we got answers that they are introverts. Despite this, some stated that coworking spaces are social environments and that this feature of coworking spaces motivates them and they still enjoy meeting new people. Perhaps this feature of coworking spaces can help them, as introverts may have difficulty socializing. Also, two people described themselves as ambivert and stated that they sometimes needed to be alone and that was good for them, but nevertheless they were social and needed contact. From here, we can see that even introverted people are satisfied with the opportunity to socialize

in coworking spaces and sometimes even need it. The last dimension of this subcategory is *curiosity*. Most of the people we interviewed answered with curiosity when asked how you would describe yourself in three to five words. This is due to the fact that these people are open to innovation, they have shown the courage to experience the coworking space, which is already a new concept and not very well known and are curious about both the work they do and the people around them.

5.2 Description of work

Description of work describes how employees in coworking spaces work, and this code is divided into three subcategories: *productivity*, *variation*, and *equipment*. The first subcategory, *productivity*, indicates the productivity of the work done in coworking spaces. As mentioned in our theory, productivity can be defined as how much and how well we produce from the resources used (Bernolak, 1997). During our interviews, we noticed that all of the participants seem to interpret productivity in this way. In other words, how much work they get done, and how well they work. We have divided productivity into three dimensions: *communication systems*, *motivation*, and *facilities*.

The first dimension, communication systems, explain how people working in coworking spaces communicate with each other and how they do this. In our interviews, employees emphasized that communication is easy because they mostly share the same office with their other colleagues, and they can also communicate with tools such as Zoom, Teams, other internal systems, and telephone when necessary. In addition, they said that multiple offices have codes by the door to indicate when people are busy or available, which means that the communication system is strong. The threshold for contacting others is also low. Not a single person mentioned that it is ever hard to contact someone if they need to and that they don't have a problem with it. Almost all of the employees stated that they can work from home if they want, and there were even some who said that they work from home some days of the week. This shows that there are not always all employees in the offices, and if it is desired to be contacted, communication methods are used. In other words, the communication style in classical offices is used when necessary, and the communication system in the home working system is used when necessary. Communication systems can affect productivity in the sense that if you are stuck on a task and need help, you need to be able to reach your colleagues easily and quickly.

From our interviews, everyone stated they are satisfied with their business's communication systems, so it never affected their productivity.

The second dimension of productivity, *motivation*, explains how important motivation is for employees to work more productively. Everyone we interviewed stated that motivation affects productivity. If a person's work, environment, or coworkers cannot motivate him or her, it is possible to expect a decrease in that person's productivity, and we have seen in our interviews that working in the coworking space indirectly motivates almost all of them. We have seen that factor such as the working environment, communication system, socialization opportunities, and the inspiring office layout usually seen in coworking spaces affect their motivation. Also, each of the employees we interviewed stated that high motivation positively affects productivity, as we mentioned earlier. From here, we can conclude that employees whose motivation is positively affected by coworking spaces work more productively.

Facilities, the last dimension of productivity, explains how coworking space's facility layout, offices, design, meeting spaces, and the like, affect work. We saw that working in the coworking space, which we see in common with the people we interviewed, is easier due to reasons such as offices and meeting rooms. Because while working from home, you have to do everything from your computer and your desk at home, there are offices in coworking spaces, tables and chairs produced to provide the comfort needed for working. In addition, there are meeting rooms that can gather everyone physically if a meeting is desired. In our interviews, they also stated that it is very easy to rent a meeting room in this coworking space. At the same time, they said that the layout and design of the office is more inspiring than the classical offices, and this affects them. However, one person we interviewed stated that the coworking space is not that different from the normal working environment. As a result, the majority of the employees we interviewed stated that the facility's facilities had a positive effect on their work. Furthermore, a few people stated that the facilities at their office were a lot better than at home, so they felt they were more productive at the office.

Variation explains the diversity of the work done and how it can be done in different ways. This subcategory is divided into two dimensions: *flexibility* and *various work tasks*. *Flexibility* describes the ability to work in different locations, that is, the ability to work from anywhere. As we have seen in our interviews, almost all employees stated that they can work from home whenever they want. Some stated that they still work from home one or two days a week, while

others stated that they do not work from home at their own request. The answer to the question of where do you feel more flexible is usually coworking space, which may be because they have the opportunity to work at home whenever they want in the office, but one of them also said that after Covid-19 a lot of offices enable their employees to work from home, so they might be flexible as well.

Varied work tasks describe the different jobs that employees do. In our interviews, we observed that employees like to do non-repetitive, challenging and different jobs each time, and even an employee said that changing jobs can increase their motivation to work. While a varied work task depends on the job you're working on and not on the coworking space, what we've observed can have an impact on employee productivity.

The last subcategory is *equipment* and has only one dimension, which is *digital tools*. *Equipment* explains the effect of equipment used in the coworking space on the work tasks. Almost half of the employees we interviewed stated that they feel more productive working in the coworking space or office because there are more digital tools. These employees prefer coworking spaces because the tools provided by coworking spaces such as printers, computers and projectors are not usually found in homes and although they are not of the same quality. In addition, many employees we interviewed also stated that they use digital tools more than usual in coworking spaces.

5.3 Work environment

Work environment describes the environment, sociability, and general atmosphere in the workplace. Work environment is also divided into three different subcategories: *work climate*, *performance-based work climate*, and *workplace*. *Work climate* describes the environment and social life in the workplace and is divided into two different dimensions: *networking* and *communication*.

Network describes business relationships established through workplace events or meeting environments. According to our interviews, most of the employees mentioned networking when we asked about the difference between a normal office and coworking space. The general answers we received were that it is possible to socialize in the normal office, but since they are working in the same company, we received answers that these conversations always proceeded

similarly, and consequently boring. However, since there are employees in different fields in coworking spaces, it has been frequently mentioned that networking with people from different companies is established and that people working in different companies can help each other. These people also mentioned that they set up the network in communal dining areas, by coffee machines and social events. Another employee said that the coworking space is very good for those who work in sales as it is easier to find new customers because they constantly see new faces. One employee we interviewed stated that this environment is not much different from normal offices and did not give any information about networking.

The second dimension is *communication*. The common view we heard from almost all the employees we interviewed is the sociability and ease of communication of coworking spaces. Since people usually sit close to each other in offices, the ease of communication is mentioned, and there are also areas where people can communicate and socialize. Most of the people we interviewed mentioned that they can easily socialize in common areas. Contrary to this, an employee stated that since they always have the same co-workers in normal offices, it is easier to be sincere and it is difficult to develop friendships because they rarely eat with the same people and coincide. This shows that people think differently about communication. Apart from this, meeting rooms and meeting rooms mentioned in the interviews can be easily booked, which also provides an ease of communication.

Performance-based climate explains the effect of the working environment on employee performance and is divided into three different dimensions, *cooperation*, *encouragement*, and *regular meetings*.

Cooperation describes how employees work across companies in a coworking space. In other words, cooperating with others. Although some of the interviewed employees stated they didn't really have anything to do with the other businesses, some mentioned that working in a coworking space has benefited the business in regard to cooperation. One person mentioned that the sales department in their business actually had successful collaborations with other businesses, which would have never happened if it wasn't for the coworking space. Other employees also mentioned that they can collaborate with other employees in different businesses by sharing experiences and ideas. These are employees that also work in the coworking spaces, whom they have met through lunch breaks, common areas, and networking events.

Encouragement is the second dimension of this subcategory. This dimension explains the effect of employees' support to each other on performance. In our interview, everyone stated that supporting each other is important for the performance. Many stated that they received this encouragement from their co-workers. An employee we interviewed said that their business has established what they call “well-being” routines, for example, regularly greeting people they see several times a day and taking coffee breaks together. There were also employees who said that they received encouragement from the atmosphere and the people working there. Encouragement can have an increase on both motivation and productivity.

Regular meetings is the last dimension. All employees stated that they hold at least one or two meetings a week. In addition, they stated that they could easily hold small meetings since everyone usually works in the same office, especially smaller businesses that said that they could easily hold daily meetings because everyone was in one area. These meetings varied from meetings regarding work, to meetings on how the employee is doing, which most employees appreciated. Regular meetings are a way for colleagues to socialize, share information and update each other. One person mentioned that they didn't care for regularly scheduled meetings as they were unnecessary and time-consuming, but meetings were held if they were needed.

The last subcategory is *workplace*. Workplace describes the general area of the coworking space. It consists of three different dimensions: *design*, *limitations*, and *areas*. The first dimension, *design*, describes the design of the coworking space, which is different from normal offices. The participants stated the coworking space was more colorful than regular offices and that regular offices could kill motivation and creativity, as it is bland and sterile. At the same time, they said that the design of the coworking space is an inspiring environment, there are different themed rooms and people are inspired by these environments. A lot of the people interviewed, worked with something creative, and they stated the design of the coworking space was so inspiring it increased their creativity, which improves motivation and productivity. Furthermore, no negative opinions were expressed about the design of the coworking spaces. The second dimension is *limitations*. Since the coworking space is a common space used by different companies and people, everyone has to follow predetermined rules. It differs in this area from the rules that a company establishes according to its own order, such as normal offices. In our interview with two employees, they talked about common rules as a disadvantage of coworking spaces. When any business wants to grow or make a change in their office, the

rules may not allow it. Therefore, it is necessary to draw up a growth plan by knowing the rules, and to act with the assumption that other people and companies use the same building.

The last dimension in this subcategory is *area*. This dimension describes the spaces in the coworking space. Coworking space houses many areas such as single offices, larger offices for companies, meeting rooms, and cafeterias under one roof. In our interviews, we have seen that having rooms with different themes increases the motivation and creativity of the employees, easy-to-book meeting rooms make it easier for people, easy socializing common dining areas and coffee areas contribute to socializing and networking and having different types of offices (single or communal) also allows people to work in an environment they prefer. In our interviews, we received no negative opinions about these areas, and this diversity seems to have generally positively affected the work of people. In addition, some people mentioned that other people are so intrigued by the coworking space that they prefer business meetings there. In other words, if there is a business meeting to take place, the other business prefers to come to the coworking space because of the diverse areas.

5.4 Motivation

Motivation is defined as the force that makes us take action (Holt, et al., 2019, p. 458), and we will examine motivation here under two subcategories: *intrinsic* and *extrinsic motivation*. Intrinsic motivation represents taking action on one's own will, without expecting a reward or result, while extrinsic motivation represents taking action based on a reward, outcome, or behavior influenced by others.

Intrinsic motivation has four dimensions, *good work environment*, *freedom*, *inspiring workplace*, and *personal development*. *Good work environment* is important for motivation. It entails good colleagues and a nice work climate. When asked about the work environment in the coworking spaces, everyone was positive. One of the things that stood out the most was that nearly everyone stated good colleagues and nice people around as one of the main reasons the environment was so pleasant. In addition, this is what some people mentioned as one of the things that keep them motivated by working in a coworking space. When people enjoy their job, it increases motivation.

Freedom describes the freedom of employees to work wherever they want, which increases motivation. In our interviews, everyone stated that they can work from wherever they want. Some of these people even stated that they work from home on certain days, this has become almost routine, and they work from home one or two days a week. Being in a work environment where people choose where they can work gives people greater freedom. This is a large factor in intrinsic motivation, as it goes under autonomy.

Inspiring workplace explains the effect of the different design of coworking spaces and the inspiring features of colleagues in different sectors on the motivation of employees. Many employees find the coworking spaces to be an inspiring environment. A different design approach, which is often seen in coworking spaces, is a big factor in this, as well as the presence of people from different sectors around it. As we observed in the interviews we did, the people working here are positively affected by the dynamism and diversity here. In addition, different and innovative design, different themes, greenery, and spaciousness affect people's motivation positively. In fact, an employee we interviewed stated that the sterile office environment negatively affects her creativity and motivation, so the coworking space is more colorful and motivating.

Personal development explains the effect of an employee's own development on his/her motivation. What we have clearly seen in our interviews is that the people working here have tasks that can be challenging, non-repetitive, and that the tasks that will enable them to learn something new increase their motivation in a positive way. Some of the employees we interviewed stated that creating something new and helping people also increases their motivation to work.

Extrinsic motivation describes an employee's motivation being influenced by a reward, result, or external factors other than one's own free motivation and is divided into two dimensions: *feedback* and *share ideas*. In our interviews, we observed that receiving feedback from a colleague or leader and communicating openly with them increased the motivation of some employees. This is an example of extrinsic motivation, as the feedback given by the leader or colleague and the open communication with them affect the motivation of the employees by others other than their own internal motivation. Furthermore, to hear from someone that you are doing a good job, can motivate you to work a little harder and further improve yourself.

Share ideas explains how the communication of employees with each other, and the exchange of ideas affect their motivation. The conclusion we made from the interviews is that almost everyone talked about the importance of their co-workers, and that having a good colleague who they can get along with has a direct impact on their motivation. In addition, as we heard from a few people we interviewed, exchanging ideas with colleagues, examining some issues together and brainstorming accordingly affects the motivation of employees in a positive way. Additionally, everyone within a business works towards the same goal, so everyone wants to help each other so the business will succeed.

6 Discussion

Coworking spaces could influence motivation and productivity. In our study, we found that the effect is greater regarding motivation. We chose to have our main focus on motivation, as productivity can be a complicated term to understand. During the interviews, we quickly realized that many may misunderstand the term to think how quickly and well they complete work tasks. As mentioned in our theory, you can measure productivity and there are also plenty of factors to consider. We chose not to do this as it is a time-consuming process, and it depends on what level a business is, in regard to a micro- or macro-level. We interviewed employees from a variety of businesses, and our focus has rather been on what it is like to work in the type of concept that is a coworking space, rather than how well they work within the business regarding work tasks. One of the limitations with our thesis, is that, as noticed in other studies, that answers from interviews may vary greatly. In our case, we only interviewed ten people, with similar answers. From other studies, one can see that interviewing a larger amount of people, can of course affect the results significantly (Howell, 2022).

The idea of coworking space, as mentioned in our theory, is a new concept and was first implemented in 2005, so this concept brings many changes and unknowns for employees (Foertsch & Cagnol, 2013). Although this concept was first found in 2005, its popularity has increased in recent years, and we can call the people who work here as curious and innovative, both from the interviews we made and the employees who preferred to work here before the concept of coworking space became very common.

In a study performed by Raišienė, Rapuano, Varkulevičiūtė and Stachová (2020), it showed that people with families enjoyed working from home a lot more as they were able to spend time with each other. From our interviews, we gathered the opposite. The people interviewed who had children, preferred to go into work instead as they were more productive there, in regard to possible disturbances from their children. Another stated that they like the separation between their home- and work-life. This, of course, does not necessarily apply to everyone with families working in coworking spaces, but our research resulted in the fact that people liked working physically at work more than at home. In addition, working in a coworking space was found interesting by friends and families by some of the interviewees, since it's such a "new" and exciting concept. Since life situations may be a sensitive subject for some, we chose not to dig more into their personal life regarding this, which might be said to be an implication of the

study. Often family life and people's general life situation might affect what motivates them or makes them productive, as mentioned in the earlier study.

One of our hypotheses during our thesis was that coworking spaces were more appealing to the younger generation. From earlier theories, we found that people in their twenties were more likely to work in coworking spaces (Waters-Lynch et al, 2016). The reason behind this was that the younger generation is often classified as more free-spirited and social. However, in our study we found that the majority of employees that we interviewed were in their thirties to forties. Although the people we interviewed belong to a different generation, there were several who described themselves as social and extroverted people who enjoy working in a coworking space, precisely because of the social aspect. Some still classify themselves as introverts, but despite that they also thrive in the social environment and enjoy meeting new people, which coworking spaces offer. There were also employees who related to being both extroverted and introverted but working in a coworking space gives them the flexibility to work remotely if they are in need of alone-time. The option of working in the office or remotely, does not necessarily relate to working in a coworking space, but rather the individual business' rules or policies on the matter. Though some employees share offices with others, which may create a larger need for alone-time once in a while, the coworking spaces had different type of rooms as which one can sit alone or only with a couple of other people. This creates an environment with options for people to choose from and gives them a larger feeling of flexibility and freedom.

Being able work from anywhere and have the flexibility to choose, creates autonomy for the employees. As mentioned earlier, autonomy is an important part of internal motivation in the self-determination theory of Ryan and Deci (Gagné & Deci, 2005). Autonomy also entails the feeling of having the option to make own choices. When choosing where to work and when to do it, this gives the employees the feeling of autonomy, which again increases motivation. A lot of the people interviewed mentioned an inspiring workplace and a good work climate as factor that affect their motivation. This goes under intrinsic motivation, as competence and a sense of belonging a large part in the self-determination theory. The inspiring workplace brings people together. It is a place they enjoy being. Some people also mentioned that this increases their creativity which again increases both motivation and productivity. A few of the employees interviewed, worked within a business where creativity is vital. Having an inspiring workplace, which increases creativity, makes them better at their job and makes them enjoy going to work. A couple people mentioned that regular offices, which are often a sterile and boring

environment, which diminished their motivation and productivity. Furthermore, the interviewees have good colleagues around them who create a kind of care. They show consideration and try to motivate each other. Belonging is an important concept within self-determination theory. When people feel that they are surrounded by good friends and colleagues, these increase the feeling of belonging. They feel a belonging to others, in addition to the business and coworking space. Having a connection to someone or something is an important motivating factor for intrinsic motivation.

Another factor that may increase intrinsic motivation is personal development. As mentioned in our theory, the feeling of competence plays a significant role in the self-determination theory for intrinsic motivation (Gagné & Deci, 2005). People's sense of competence is increased when they feel responsible for their successful performance. A lot of the employees interviewed, mentioned that challenging tasks keep them motivated in their work. The reason behind this is because, as mentioned, when they are successful in challenging work, it gives them the sense of competence. Many people mentioned this is what motivates them in their work, which coincide with the self-determination theory about competence increasing intrinsic motivation.

In our theory, it is mentioned that evaluation of employees can diminish intrinsic motivation, as employees may feel like they're being watched and not in control. Many of the employees stated they were motivated by feedback. As feedback can be seen as an evaluation of an employee, positive feedback, on the other hand, can increase extrinsic motivation. A lot of the parties interviewed said they received feedback from employers and colleagues which improved their motivation. One person mentioned that they may receive criticism, but as long as it was constructive, it was fine, and in turn still motivating. Furthermore, receiving encouragement from coworkers increase their motivation. When someone compliments on their work or just in a friendly matter, it creates a great work environment. Some of the interviewees mentioned they have something they called "well-being" routines, which involved, for instance, greeting each other when they see one another or striking up a conversation when it is appropriate. This creates a feeling of belonging or connecting, which again will improve the work environment. When this feeling is strengthened, it increases both intrinsic and extrinsic motivation, which again increases work results, and as our theory shows this will benefit multiple factors, for example, job satisfaction (Gagné & Deci, 2005). Thus, the motivation received from this, will increase productivity (Bawa, 2017). Having regular meetings also helps with this, as they can be either between colleagues or one-on-one with their boss or leader.

Having these meetings to check up on each other, either work-related or to see how they are, creates a sense of belonging.

In addition, sharing ideas with colleagues increases the extrinsic motivation, as it is an important factor for completing work tasks. When sharing ideas, it can increase productivity, as you receive help from others if stuck on a problem. Luckily, all the employees interviewed, had good communication systems, regarding both multiple digital tools for communicating and the fact that the threshold for contacting each other is so low. This creates an easier environment to share ideas and help each other. Even if they are working remotely, they are able to contact each other if something is urgent. Because of this, tasks can still be completed within a specific timeframe, wherever they are. Thus, productivity will not stop if people are stuck on an assignment.

We realized the importance of communication systems during our interviews because many employees talked about how important this element is to them. The result of our research is that the communication system is satisfactory for the employees in coworking spaces, and since almost everyone has the option to work from home, coworking spaces are prepared for both office work environments and home work environments. This has become a system that employees can easily adapt to in both working situations and this communication system enables them to be more productive. We observed that another factor affecting the productivity of employees is their motivation. As the employees themselves stated, motivation is one of the most important factors affecting their productivity. Coworking space has many features that can motivate employees. We realized that socializing areas, organized events, communication systems, innovative and inspiring design increase people's motivation. The high motivation=productivity equation stated by the employees indirectly increases productivity by all these factors. According to our research, facilities are one of the factors that positively affect the productivity of employees. The facilities provided by the coworking space, offices, tables and chairs, inspiring design, easily bookable meeting rooms are the factors that positively affect the productivity of the employees. From here, we can say that the opportunities provided by coworking spaces increase the productivity of most employees.

At the same time, the digital tools provided by the coworking spaces increase the productivity of the employees. Since the equipment such as computers, printers and projectors provided by coworking spaces are generally of higher quality than the equipment people have at home, and

since this equipment are mostly allowed to access as a result of agreements with coworking spaces, employees can do their work with better quality equipment, which may cause them to work more productively. Other factors that increase productivity are varied work tasks and flexibility. In our interviews, we noticed that various work tasks and challenges increase the productivity of employees, but we think that it is wrong to connect this to coworking spaces, because taking part in different tasks and doing different work is not a feature provided by coworking spaces. Although this element was noted by some of the people we interviewed, it was not a common feature of everyone who worked there. As a result, although various work tasks and challenging tasks increase productivity, coworking is not associated with spaces. But flexibility is the opposite of that. The opportunity to work in the office whenever they want and at home or remotely whenever they want, especially seen in coworking spaces, and stated by almost everyone in our interviews, provides great comfort to people. Some of the employees we interviewed have even made it a routine to work from home for a few days a week, and we can say that the fact that people have such flexibility positively affects their motivation to work. In addition, the freedom from the flexibility the employees have, is a part of autonomy, which is a vital factor within motivation.

There are also many factors that affect the work environment. Networking and communication are two of them. As we mentioned before in our theory, networking is one of the opportunities provided by coworking spaces, because many people from different sectors and different companies work in the same building. At the same time, as we mentioned earlier, many activities are organized in coworking spaces, and there are environments where you can socialize. This helps people to communicate and network with each other. Our interviews also prove this networking environment. Many employees we interviewed stated that they communicated with many people from different companies and in different fields, and this expanded their networks. In fact, as mentioned earlier, we learned that employees from the sales department, benefit from working in a coworking space because there are people from different sectors that they can meet constantly, and this may be potential customers for them. Thus, we can say that coworking spaces are a great opportunity for employees to develop their networks and this can positively affect the motivation of employees who want to create a network.

Moreover, not only sharing ideas between colleagues may be beneficial, but also cooperation between businesses and other employees in the coworking space. Sharing ideas and experiences from similar businesses or companies with a comparable business plan, may increase

productivity for employees as they learn new things and may get ideas or insight in to how to solve a problem. Our interviews showed, that although not everyone has something to do with other businesses in a coworking space, they still feel they can talk to other people there. When cooperating outside of a business, people may inspire each other. In addition, employees have a wider network for, for example, selling products or retrieving customers.

In addition, all these opportunities that create an environment of socialization also provide ease of communication for employees. Areas such as events, common areas and cafeterias are not only great opportunities for networking but also for communication. Many different environments in the coworking space create the opportunity for people to communicate in different areas. Relatively small work offices, which we have also heard in our interviews, facilitate communication between employees when employees are close to each other and even the boss works in the same office. If you want to hold a meeting, easily bookable meeting rooms can be used, and if you want to talk about a less formal subject, common areas, coffee areas, or cafeterias can be used. This diversity, which may be different from most regular offices, provides advantages to coworking space employees in this area as well.

As we mentioned previously in our theory, coworking spaces are different from normal offices, which generally have 'Fordism' and 'scientific management' designs in terms of aesthetic design. A fun and spacious design concept that encourages creativity, called the Google office style, is applied. We saw that a coworking space that we visited to get contact information also had a design with this aesthetic understanding. In our interviews, most of the employees said that the colorful design and the rooms with different themes increase their creativity and inspire them. They also said that regular offices killed their creativity and motivation. In these interviews, we saw that there was no negative response to the aesthetic understanding of coworking spaces, and on the contrary, this design increased their motivation. From here, we can say that the design approach in coworking spaces increases motivation.

Limitation is another workplace related dimension. Since the coworking space encompasses many different companies and employees that are independent of each other, there must be common rules to ensure the general peace of everyone. Unlike regular offices, these are the decisions taken by the manager or owner of the coworking space, not by the company, and these rules cover everyone who works here. In the interviews we had, we got some negative opinions about it. It is said that these rules are restrictive from time to time and that they cannot

be done when a growth or change is desired in the offices. Although this does not affect the motivation negatively, it may indirectly affect the motivation of the employees negatively. The areas provided by the coworking space are another factor that affects the employees. These areas are small, medium and large offices of different sizes, rooms with different themes, coffee drinking areas, cafeteria, meeting rooms and similar areas that may differ in each coworking space. Most of the people we interviewed said that these spaces are very useful for meeting, working, socializing and networking. In fact, when a company working in a coworking space had a meeting with another business, we learned that the business that had a meeting wanted to hold the meeting in the coworking space. From this, we can say that these areas of the coworking space increase the motivation and productivity of not only its employees but also other businesses that not a part of that coworking space

We have come to the conclusion that the environment is colorful and clean and socializing is easy if desired. Events, meeting new people, cafeteria conversations, helping each other and networks established seem to have positively affected the motivation of the people working here. Our assumption is that this environment motivates employees without expecting a result and reward, that is, it increases their intrinsic motivation.

7 Conclusion

The purpose of this thesis is to give a respectable answer to the problem statement: *'How coworking spaces affect the motivation and the productivity of the employees'*. After going through the theories of motivation, productivity and coworking space, moreover, analyzing the data, we will now come to the conclusion as we have interpreted our problem.

Based on what we observed in our interviewees in connection with our theories, we can say that coworking spaces affect employee's motivation and productivity. It has been seen that situations such as the socializing environment, design, opportunities offered, and the intertwining of different sectors in the coworking spaces have a positive effect on the motivation and productivity of most employees. In addition, it has been observed that coworking spaces are also familiar with working remotely and that the companies working here are prepared for this, giving many employees the opportunity to work remotely when necessary. This flexibility and freedom motivates people, and is a clear factor in the self-determination theory from Ryan and Deci.

Our interviews showed us that the concept of coworking spaces can in large amounts affect the motivation and productivity of employees located there. There are different factors that come into play regarding motivation and productivity in coworking spaces. Motivation is linked to productivity. From our results it shows that when a person is highly motivated it positively affects their productivity as well. Therefore, to conclude, we can say that our research shows that employees in coworking spaces are both motivated and productive, in varying degrees.

8 References

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Attachment 1 - Interview Guide

1. Age, education, position, company field, and life situation?
2. What type of offices have you worked at? (Home office, regular office, coworking space?)
3. Can you work remotely if you want, or do you always have to be at the coworking space?
4. How often do you have contact with your boss, e.g., regular meetings? Why/why not?
5. What type of encouragement and motivation do you get from colleagues/leaders?
6. Where do you work most productively, in a home office or when you are physically at work? Why?
7. Do you like working independently or with others? How does working in a coworking space affect this?
8. What is the difference between the social environment of coworking space vs. regular offices?
9. Can you reach your colleagues easily when you have something urgent, and if so, how?
10. Do you use more or less digital tools in regard to working in a coworking space/from home vs. a regular office? E.g., Teams, Zoom, etc.
11. Do you feel more flexible when you work remotely, coworking space, or at the office?
12. What motivates you?
13. How do you keep your motivation high?
14. Is there anything that demotivates you while you work?
15. What are some main aspects that motivate you to work in coworking places?
16. How does motivation affect your productivity?
17. In which environment do you feel more motivated to work (office, home, coworking space)?
18. How is the environment at the coworking space?
19. How has working in a coworking space had an impact on your life, if any?
20. What are some of the advantages of a coworking space?
21. What are the disadvantages?
22. If you have an option, do you prefer to work in an office, coworking space, or work from home? Why?
23. Can you describe yourself in three-five words?