**Chapter 9**

**Models of Co-working in the Downtown Toronto Innovation Districts.**

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**Abstract**

What is firstly considered here is whether co-working, the ‘Pooling’ of small to medium-sized businesses in specifically designed buildings housed within clusters is a significant new way of working. Second, whether the construct supports the economic growth of small to medium-sized firms. SMEs are a critical element of the internal fabric of clusters. 95% of businesses in London, UK are SMEs defined as firms with fewer than 250 employees. It is argued that co-working spaces increase cultural transference between firms and assists trust relationships to form. Trust and increased organisational-cultural understanding is particularly useful for cross-sector working. The inherent knowledge-building and innovation-focused pro-social environment of the construct grows in value as more people join its community of practice, evidence of Network Effects. Co-working is a site of cross-sector cultural negotiation where the incubation and acceleration of novel products, services or experiences is the aim. This is of interest to media firms who are beginning to blend content with technology, scholars interested in organisational culture and policy-makers. Co-working has become an international phenomenon therefore it’s worthy of study but has received little scholarly attention. The empirical basis is a three-year study[[1]](#footnote-1) ‘Organisational Culture of Public Service Media in the Digital Mediascapes: People, Values and Processes” (2015–2019)’ (Glowacki & Jackson) looking at the organisational culture of ten high technology clusters. 150 interviews, ‘city walkabouts’ and grey literature were collected (2016-18). The study aims to assist public service media to understand how to partner with other sectors in a media landscape influenced by high-end technology and network distribution. The element of the project offered here specifically looks at co-working which emerged as a significant organisational phenomenon within high technology clusters, the focus is on the City of Toronto.

Co-working spaces act as an organisational ‘umbrella’ offering many of the facilities provided by large corporations. These adaptive shared work places are designed to grow communities of practice from “members who work for a range of different companies, ventures, and projects”[[2]](#footnote-2). Toronto is one of the largest cities in Canada yet historically overshadowed by the USA. For Canadian high technology businesses retaining talent is therefore a key priority[[3]](#footnote-3), hence they are developing new models of entrepreneurship. It’s a city containing many aggregations ofsmall to medium-sized businesses (SMEs). The three contrasting examples of co-working presented offer an opportunity to identify the Network Effects and socio-economic and cultural elements that define co-working: the MaRs Discovery District, Ryerson University’s trans-sector Digital Media Zone, and the not-for-profit Centre for Social Innovation.

Keywords: (7) High Technology, Co-working, Community of Practice, Entrepreneurship, Acceleration, Incubation, Trust.

This chapter presents findings from an international study, entitled “Organisational Culture of Public Service Media in the Digital Mediascapes: People, Values and Processes” (2015–2019) which was funded by the National Science Center (Narodowe Centrum Nauki – NCN). See: [www.creativemediaclusters.com](http://www.creativemediaclusters.com/).

**Introducing the Co-Working Spaces of Toronto**

Complementing earlier analyses of clustering presented in this book, the chapter looks critically at co-working spaces defined as sites of co-production for SMEs supported by incubation and acceleration that exist within the organisational fabric of clusters. SMEs can be defined as small to medium-sized businesses that have fewer than 250 employees. Co-working spaces promote ‘Pooling’ identified by Komorowski and Picone as part of a ‘7Ps’ topology to explain the phenomenon of clusters. Co-working spaces often occupy warehouses previously occupied by industrial age enterprises. Increasingly groups of purpose-built contemporary buildings are also being created as part of City enterprise strategies. These environments aim to *incubate* and *accelerate* productivity through knowledge-exchange events, tailored programmes of learning, mentoring, and the building of communities of practice. . When viewed through the lens of Network Effects the shared-space gains additional value as the density of tenants increases. The argument is made that co-working is not new but there are interesting emerging social science approaches that are likely to be transferable to other industries. The two-fold question is what are the elements that create a successful co-working space and what is the value to SMEs? Co-working has become an international phenomenon therefore it’s worthy of study and has yet to receive much scholarly attention. The findings will interest media scholars, scholars of organisational culture, policy-makers, and media firms who wish to improve partnership relations with high technology specialists.

The three Case Studies are the extensive ‘MaRs Discovery District’, Ryerson University’s trans-sector ‘DMZ’ (Digital Media Zone), and the not-for-profit Centre for Social Innovation. The case studies are part of a three-year international study conducted by Glowacki and Jackson funded by the Polish Science Fund. ‘Organisational Culture of Public Service Media in the Digital Mediascapes: People, Values and Processes” (2015–2019) [[4]](#footnote-4). The project looks at the internal labour and industrial constructs of ten high technology clusters, four in North America and six in Europe. This is where the novelty lies as research on the internal workings of clusters is not common due to access issues. The ethnographic basis of the study is 150 interviews with SMEs, public service media firms, and managers of co-working spaces. This is augmented by observational ‘city walkabouts’ and the analysis of grey literature such as company reports and City Hall strategies. The project aims to assist public service media to adapt to a media landscape where high-end technology and content production are combining. The chapter opens with an analysis of co-working before looking at the context for the case studies, the methodological challenges, the findings from both the larger study and the comparative analysis of the three co-working spaces, drawing conclusions on the usefulness of co-working for the media and communications industry. .

**The Pooling effect of Co-Working**

Cluster Theory is beginning to be applied to the Creative Industries a subsector of which is the media and communications industry. Florida’s influential analysis of the creative class who support the Creative Industries argues ‘Place has become the central organising unit of our time, taking on many of the functions that used to be played by firms and other organizations’ (Florida, 2012:8). Robbie’s 2016 analysis of the creative workforce challenges Florida’s assumption. According to her the ‘magnet effect’ is too simplistic, ‘Where people go to live and/or work is a good deal more complicated than the allure of certain city environments” (Robbie, 2016:48). The thesis here is creative firms have a need for environments that enable knowledge exchange and cultural transfer through pro-social activities in order for interdisciplinary communities of practice to prosper through developed trust relationships. This framework could be said to form a nurturing ‘umbrella’ under which autonomous entities can flourish. From an economic perspective SMEs benefit from *incubation* and *acceleration*. Incubation can be defined as the offering of tailored support to launch new business entities. Acceleration is assisting a start-up business to take a product to a wider market. Co-working spaces may define themselves as an incubator or accelerator, or both. Incubators and accelerators provide specific support activities considered in more detail here.

The three-year study found Co-working spaces must be of a sufficient density to be perceived as being successful in high technology clusters. Density is grown through pro-social programmes but also through supporting a high number exchanges with skills networks and other agents of knowledge exchange, for example in-proximity universities. The pro-social fabric is grounded in face-to-face activities and sustained across distance in social media platforms. Such pooling Initiatives are not new, small businesses have historically worked in proximity for example leatherworkers clustering in an exotic Souk or painters in the artists colonies of Southern France. The benefits of more formal collaborative structures were realised by 28 pioneers of Rochdale, Northern England who formed Cooperative Societies, a new kind of production collective. The first began in 1844 aiming to counter the power structures and labour markets dominated by the mass production of the Industrial Age. The Cooperative movement aimed to provide visibility and expanded routes to market through clusters of self-governing workshops (Johnston, 1997).

The benefit of close working with others continues in the contemporary digital/post-digital society. Gauntlett concluded, through Social Capital Research, that working together with people on shared projects…is absolutely essential both for personal wellbeing and for a healthy, secure, trustworthy society’ (Gauntlett, 2011:161). He argues the act of making things together connects materials, ideas, or both. Making involves a social dimension, amplifying our engagement with our social and physical environments. Porter’s foundational research (1998a) defined clusters as concentrations of interconnected companies and institutions that are active within *a particular* economic field. He claims ‘Today’s economic map of the world is dominated by what I call clusters: critical masses—in one place—of unusual competitive success in particular fields’ (Porter, 1998b). In 1998 the internet was in its infancy and working virtually across distances largely unknown. Empirical data in the three-year study of which this analysis of co-working is a part clearly evidences *cross-sector* aggregations blending high technology with other industries.

This chapter looks at the internal socio-economic factors inherent in co-working spaces that are themselves part of the internal fabric of clusters. Co-working spaces are tailored for digitally skilled workers working in small to medium-sized businesses (SMEs). SMEs are a critical element of clusters where new products and services are concepted, tested, and launched. According to the OECD

*Across countries at all levels of development, SMEs have an important role to play in achieving the Sustainable Development Goals (SDGs), by promoting inclusive and sustainable economic growth, providing employment and decent work for all, promoting sustainable industrialisation and fostering innovation, and reducing income inequalities (OECD, 2017).*

# The organisational culture of aggregations of SMEs within clusters is important to consider. Methodologies and theories for the analysis of clusters have been emerging since the 1980’s. The ‘7Ps’ analytical framework suggested in this edited collection has possible antecedents in the field of marketing. The ‘Marketing mix, also known as the Four Ps, is probably the most famous marketing term. Its elements (product, price, place and promotion) are the fundamental and tactical components of a marketing plan’ (Shahhosseini, A, 2011:1). Boom and Bitner's 7Ps, (1981) extended marketing mix, ‘includes the first 4 Ps, plus people, processes and physical layout decisions’ (*ibid 2011:3).* Livingstone & Price Waterhouse Cooper’s 2015 report on the factors necessary to sustain the Creative Industries in the UK lists perception (visibility), people (lifelong learning and interdisciplinary working), pounds (investment in creative projects), place (strengthening creative clusters), pipes (internet), property (development of intellectual property) and picture (communicating the value of the creative industries through evidence-based stories drawing on big data sources); (Livingstone, I & PWC, 2015). Komorowski’s 2017 *Framework for Media Cluster Analysis* builds on this by listing place, proximity, pertinence, profile, path-dependency (the evolution of a cluster), policy and performance.

Co-working spaces as a ‘Pooling’ construct within clusters have grown rapidly since the start of this millennium. In London, UK such expansion coincided with the launch of TechCity in 2011 and its fast Internet backbone around which SMEs began to cluster. Co-working spaces offer fast internet, adaptive offices (hire a desk by the half-day, day, or week), in-house cafes and bars, chill-out rooms, roof gardens, bicycle parks, and selections of education, knowledge-exchange, incubation and acceleration activities. They are highly sociable places that encourage the growth of communities of practice through a combination of face-to-face interaction (mentoring, training, events) and online networking on project management platforms such as ‘Slack’[[5]](#footnote-5). The growth of internet-based communities of practice is stimulating migratory practices amongst high technology freelancers. Lea (2019) cites <https://nomadlist.com/> as offering an international ranking of cities as suitable locations for digitally-skilled nomads based on the city’s internet speed, racial tolerance, co-working spaces, the cost of living and so on. Hackernest in Toronto (<https://www.hackernest.com/>) is an excellent example of this. The community of practice was launched in 2017 by a solo entrepreneur as a social innovation project to aggregate coders and prospective employers globally through meet ups. Hackernest now operate through a volunteer programme in 65+ cities with an online community of 85,000+ members. Their events introduce coders to potential employers running new projects.

Co-working spaces support the adaptive working preferred by high technology communities of practice (CoP). Wenger cites the benefits of CoPs as being collective problem solving that gives rise synergistically to insights and solutions, confronting ineffective strategies and misconceptions and the acquisition of team working skills (Wenger, 1998). Co-working spaces vary from grassroots collectives to international franchises such as WeWork which is perhaps the best known. WeWork was valued at 47 billion USD in May 2019 before deciding not to open shares to investors. The co-working sector is growing rapidly, but it is also competitive and volatile. WeWork was advertising 341 offices in 65 cities worldwide but by October 2019 “losses at the company soared 10-fold to £76m” (*The Guardian*, 12 October, 2019:43). This was due to excessive administration and staff costs coupled with an overly rapid expansion programme. WeWork had already lost $1.9bn in 2018 and in 2019 are cutting 5,000 jobs against a total global workforce of 15,000. There are also instances of a degrading of the co-working model with offices being launched that have the *appearance* of the construct (café, chill-out or play spaces, roof gardens) but no acceleration or incubation activity. Other international franchises of note include Impact Hub, which has **92 locations**of which 14 are in the U.S. and Knotel which has 45 locations in the US and two in Europe (London and Berlin). Google Campus is another with offices in London, Madrid, Sao Paulo, Seoul, Tel Aviv, and Warsaw.

**Three Contrasting Co-Working Spaces in Downtown Toronto**

# Canada has historically been under the shadow of the United States, both economically and culturally. It is championing multi-culturalism and entrepreneurialism, partly due to an influx of migrants arriving in waves from the 1900s onwards. Toronto is situated within the Toronto-Waterloo Development Corridor (<https://thecorridor.ca/>) aggregating high technology companies in an east-west band of economic development 112 kilometres wide spanning the two cities and involving 16 universities and colleges in knowledge exchange and business development. The three case studies presented here, the MaRs Discovery District, the DMZ, and the Centre for Social Innovation are all micro-ecologies with different characteristics situated in Downtown Toronto.

# The MaRs Discovery District (<https://www.marsdd.com/>) claims to be North America’s largest urban innovation hub. It launched in 2000 as an entity but opened its doors in 2005. MaRS is situated in three linked tower blocks and accompanying concourses at 101 College Street, Toronto. The complex extends across 1.5m square feet (MaRS, 2018) and houses the MaRS not-for-profit organisation, a range of linked initiatives, and 150 tenants who occupy the MaRS Centre building. The University of Toronto donated funds towards the first tower that was built and now has 20% ownership of the second Tower in the development. MaRS also engages with the regional and national government to develop policy in connection with business development in Canada. Tenants range from start-ups and scale-ups to venture capitalists, research organisations, and the Canadian headquarters of prominent global technology companies. 70% of the businesses they support have social mandates. MaRS provides a series of support activities for its tenants and for enterprises more widely in the Toronto and Ontario region: entrepreneurship education, market intelligence studies, talent searches, access to venture capital, analytics using big data sources, and business innovation programmes.

The DMZ (<https://dmz.ryerson.ca/>) is a cross-sector accelerator focused on high-technology start-up businesses. They aim to create an environment within which their carefully selected SMEs can connect with customers, venture capitalists, and expert mentors. In 2018 the DMZ was ranked the world-leading business incubator by UBI Global, whose own business model is to aggregate incubator and accelerators into a global network. The DMZ was launched as the Digital Media Zone by Ryerson University in 2010. Since then they have assisted 388 start-ups and raised $563.6 million in seed funding. The DMZ claims to have fostered the creation of 3,666 new jobs. The DMZ Call to potential CEOs and select small cohorts of for-profit SMEs to be put through a 3.5 month growth Dundas Street East in Downtown Toronto. The benefit for the University, apart from income, is the opportunity for entrepreneur-informed teaching within the undergraduate and post-graduate curricula alongside research and innovation opportunities.

The third case study is the Centre for Social Innovation (<https://socialinnovation.org/>) a co-working space which foregrounds ventures that solve real world issues. It launched in June 2004 and is located in the Spadina district of Downtown Toronto occupying 23,000 square feet of an old warehouse building. This is a cross-sector community of for-profit and non-profit enterprises that includes associations and individual operators ranging from farmers to fashion houses to occupational therapy firms. The Centre provides community workspaces and incubation activities for groups with five or fewer staff. Their belief is that ‘Community animation is what turns “a place to work” to a space of social innovation (Centre for Social Innovation, 2019). The Centre for Social Innovation is a member of the Nonprofit Centers Network (www.nonprofitcentres.org), the organizing body for 200 non-profit multi-tenant co-working spaces across North America.

To provide context a review of relevant literature connected with Canada and Toronto, and with the socio-economic and technological factors that have influenced the growth (or decline) of the creative clusters of Downtown Toronto follows.

**The Value of Cross-sector Collaboration**

Co-working spaces foreground informality and the promotion of agile re-combinatory relationships to support project-based work. The media workers’ quotidian similarly blends content, connectivity, creativity, and commerce much of which could be done via the internet. However creative relationships have to be built in face-to-face exchanges. The set up phases of projects are largely concerned with ideas-generation, concepting and lateral thinking, all of which requires cross-cultural understanding and the reading of socio-cultural signs and signals. This indicates the need for a collaborative environment that foregrounds sociability and a level of cultural understanding between diverse and sufficiently autonomous creative agents. A secondary but no less important aim is to build trust relationships between different actors in preparation for co-working.

The co-working model found in high technology clusters is being increasingly adopted by the creative industries, Somerset House Studios, London is one example. Deuze, in his analysis of models of media work asked ‘…why we still talk so much, even entirely, about firms, companies, and organizations in an era that seems to celebrate looseness and non-commitment?’(Deuze, 2016:339). The organisational culture of post-war work changed dramatically to produce clusters of production which Komorowski and Picone (2019:58) segment into six types (see Chapter One). Of most interest here is the sixth, the ‘Pooling Initiative’ which they define as artificially aggregating firms through public-private initiatives, providing access to networking and collaboration alongside supporting policy, funding and management influence.

Bringing the focus back to Toronto, over the last ten years there had been an overall decline in business confidence in the city that had particularly affected the small to medium-sized businesses that comprise most of Ontario’s economic entities. This decline was due to the high price of electricity, taxes, and an increase in the minimum wage. Other contributing factors were a decline in consumer demand and changing client behavior (Ontario Chamber of Commerce, 2018). In 2019 the economic picture continues to be challenging, affected by low consumer spending and a slow housing market. Ontario’s Economic Outlook Report (Ontario Chamber of Commerce, 2019) describes a further factor being the difficulty of recruiting and retaining skilled staff, partly due to lower immigration. Slower growth has resulted in lower Government investment in businesses. The South-West of Ontario however remains more buoyant, and this is particularly the case with the small to medium sized businesses (SMEs) in the City of Toronto. Could Pooling Initiatives such as those found in Downtown Toronto’s co-working spaces be partially sustaining SMEs in that area?

Glowacki and Jackson’s three-year study aims to identify new ways of working for Public Service Media by looking at the organisational culture of the high technology sector. Specifically this is an internal organisational-cultural analysis of ten city-based clusters across a range of contrasting regions; North American advanced capitalism and post-imperial/post-communist Europe. The study draws on Karlsson and Picard (2011) who found ‘media clusters may not need to be to be directly in the cluster location to benefit from it; they may be located on its fringes or nearby’ (Karlsson and Picard, 2011:380). Karlsson and Picard’s work indicated the growing importance of partnership working; yet it did not answer how this is organised. Glowacki and Jackson’s pilot study for the project indicated the significance of co-working spaces across all the ten city-based high technology clusters. The researchers therefore devoted 30% of the interviews and ‘city walkabouts’ to explore co-working spaces as a significant ‘binding agent’.

**The Challenges of ‘Internal Cluster’ Research**

Gaining access for empirical research within clusters is problematic. A weekend of discussion on methodology was conducted in Warsaw in the autumn of 2015 with Dr Christian S Nissen, Dr Tarek E Virani (Queen Mary’s University, London), Dr Charles Brown (University of Westminster, London), Dr Michal Glowacki (University of Warsaw) and myself (London South Bank University, London). The consensus was analysis of clusters from an internal perspective is highly problematic, not least because they are so different in nature. Studying clusters in different regions (North America and Europe) was felt to be necessary to examine the phenomenon as a whole, but the concern was this breadth might lead to a ‘thin description’ of each cluster. To ameliorate this a mixed methods approach was felt to be the best solution comprising interviews, and ‘city walkabouts’ captured in photographs and fieldwork diaries. A range of different types of organisation were felt to be important to include; corporations, a public service broadcaster, university departments, co-working spaces, and not-for-profit organisations. These should be either embedded in the neighbourhood of the cluster or occupy an in-proximity position to it.

A pilot study of the City of Boston/Cambridge, Massachusetts was organised for September, 2015. The range of interviews provided a sufficiently robust set of data. A tour of each organisation was organised that included the offices, cafes, training areas, noticeboards (which provided good data) and any informal meeting spaces. 150 interviews and over 500 photographs resulted. The data was coded using a coding frame for each city, identifying significant elements and then cross-coded across the cities in MAXQDA for internal validation and to look for commonalities and exceptions. For the purposes here a sub-set from that data on co-working forms the empirical basis.

**Deconstructing Co-Working Across Ten High Technology Clusters**

The cross coding revealed commonalities between the ten clusters, firstly in relation to the elements underpinning a successful co-working space and secondly what co-working offers SMEs. To begin at the beginning; co-working is not new, it is an ancient and tested ‘Pooling’ framework that has been adapted for the digital/post digital age.

*1. Co-working is not new*

The structure of a co-working space can be partly compared to the autonomous production units that have existed for hundreds of years from the Souks of Morocco to the art and craft colonies across Europe. The Cooperative Societies of industrial age Britain began to form into more formal units of trust, knowledge exchange, training, and production and acceleration in the eighteenth century. The first recorded consumer co-operatives were formed by the Shipwrights of the Woolwich and Chatham dockyards, at the mouth of the Thames in the UK as early as 1760. They set up flourmills and a bakery and were so successful that they provoked serious opposition ‘…the Woolwich mill was burned down, and the local bakers were accused of arson’ (Birchall, 1994:4). But the idea of working together cooperatively had already spread to other UK ports where other flourmills and bakeries were opened. Cooperative pooling changed the power and control relationships relating to the supply, production, and distribution chain of the Industrial Age.

*2. An Agile, Fluid, Environment*

Since 2000 co-working spaces have grown rapidly across both North America and Europe. They can be defined as production environments tailored for digitally skilled workers in start-up small to medium-sized businesses (SMEs). Co-working spaces are highly suitable for start-up businesses as it’s possible to rent a desk by the half-day, day, week or month. Facilities include fast Internet, cafes, chill-out rooms for late-working Chief Operating Officers, bicycle parks and roof gardens. Overall, working in a co-working space gives SMEs the appearance of being located within a larger organisation; it’s a framework to increase autonomous working whilst offering elements that were commonly found in corporations such as training and health insurance packages alongside career advice and job-finding services.

*3. An ‘Umbrella Structure’ for small Business Entities*

In the same way large media corporations may provide a research and development department, co-working spaces provide incubation and acceleration. MaRS Development District and the DMZ both provide support that is particularly tailored for Start-Up businesses, ‘MaRS has been a great example of an incubator that’s been very successful...they look at the smaller incubator space, which allows start-up companies to come into a controlled environment and in a shared environment, where they can interact and have access to shared services’ (Spezza, 16 September, 2016). There is competition to get into the more successful co-working spaces, for example, only one out of eight start-up applicants gets into the DMZ incubator programme.

4. *The Importance of* *Pro-social Working*

# Sociability and knowledge exchange are amplified in co-working spaces. The environment is optimised to encourage interaction between firms and workers. According to Eli Malinsky who is the Centre for Social Innovation’s Program Manager ‘…we are curators of an environment – a physical environment, a social environment, a psychological environment…’ (CSI, 2018: 78). The Community Manager is therefore the most highly prized employee in a successful co-working space ‘Community relationships allow members to exchange ideas, to collaborate easily, to find services and access knowledge that might otherwise be hard to come by…’ (The Centre for Social Innovation, 2018:21). Co-working spaces provide selections of social events to suit the community of practice such as Bagel Breakfasts or Beers on a Friday. The provision of a café, often on each floor, is significant as the eating of food is seen as one of the most important community-building activities. Connecting with others is considered one of the most significant elements by the DMZ whose tenants are provided with ‘a space that is going to allow them to connect back to like-minded individuals and allow for peer-to-peer interactions to take place. So, DMZ in itself is actually open 24 hours a day, seven days a week, we never close’ (Abdullah Snobar, Executive Director, DMZ at Ryerson University, 15th September, 2016).

*5. The Motivational Action of Working in the Common Good*

The high level of activity relating to social innovation was a surprising finding that was evident in all the cities. 70% of MaRS tenants are involved in social innovation (MaRS Impact Report, 2018). MaRS supports social impact bonds defined as ‘a contractual agreement between a government and a social service provider (typically a non-profit organization) that specifies the outcomes (results) on which the government will pay and how much. Impact investors provide the working capital…and take on some of the implementation risk’ (MaRS, 2018:18). The SMEs in the Centre for Social Innovation are generated high levels of societal as well as financial value. Their model is of high interest for Toronto City Hall partly because these activities help solve local government issues. ‘CSI [The Centre for Social Innovation] has had a180 requests to franchise’ (Reynolds, 13September, 2019). Because of this CSI have created a spin-out brand called Innovation Works. Successful co-working models are replicated and franchised regionally and – in some instances – internationally.

**Three Co-Working Spaces of Toronto: A comparative analysis**

A comparative analysis of the three Toronto-based co-working spaces is provided in the form of a table to illustrate the similarities and differences:

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| **Comparative Analysis of three co-working spaces based in Toronto** | | | |
|  | **MaRS Discovery District** | **The DMZ** | **The Centre for Social Innovation** |
| **Launched** | 2005 | 2010 | 2004 |
| **Sector** | Technology *with* cleantech, health, fintech and enterprise software. | Technology *with* the Creative Industries. | Technology *with* Social Innovation. |
| **Mission** | MaRS as the epicenter of the innovation ecosystem of Toronto (MaRS, 2018). | Linking enterprise with education. | Social Innovation in Toronto and worldwide. |
| **Financial Model** | Commercial enterprise. | Commercial enterprise within Ryerson University. | Cost-recovery. |
| **Social Innovation** | MaRS Impact Bonds; venture capital for social innovation projects. | A focus for some SMEs (depending on the cohort going through incubation). | Incubation of social innovation ventures |
| **Function** | Accelerator and Incubator. | Accelerator for scale-up businesses. | Incubation of entities working in the public good *through* entrepreneurialism. |
| **Size** | 1.5 million square feet. | 40,000 square feet. | 8,000 square feet plus an Annex. |
| **Community of Practice** | Start Ups, Scale-Ups, research institutes, global corporations, venture capitalists. | Start-ups, alumni. | 1,000 member organisations and 3,000 members. |
| **Training** | Rolling support for start-ups and scale-up businesses. | Intensive 3.5 month ‘sales execution program’ for high-potential start-ups. | Rolling programme of 1 & 2 days courses for businesses. |
| **Events** | Business-oriented events. | Social events tailored to business. | Community-led social activities. |
| **Finance for SMEs** | Funding for youth-led, female-led and business for good/climate-change projects, alongside commercial ventures. | Access to Venture Capitalists. | Advice on grants. |
| **Policy Development** | Yes | Yes | Yes |

The three co-working spaces can be defined as supporting different types of Pooling:

1. *Joint Venture* co-working (City of Toronto, MaRS, University of Toronto).
2. *University-embedded* co-working (Ryerson University Initiative).
3. *Grassroots* Pooling (The Centre for Social Innovation).

To this we can add a fourth from the analysis of the secondary literature

4. *Franchised* co-working (WeWork and others).

# It’s clear co-working can scale; the MaRS Innovation District takes up the space of a large, multi-national corporation, yet the model also works for grassroots communities such as the Centre for Social Innovation. It is a highly adaptable organisational construct. It is interesting to note that 2 of the 3 co-working spaces incubate, 2 of the three incubate. All are concerned with social innovation and working in the public good therefore there is high potential for collaboration with public service media, one of the questions asked in the wider three-year study. All the co-working spaces are also involved in the development of policy at local, regional and national level. This suggests they are leading the field in some way, certainly generating innovations in organisational practice worthy of note.

For the Toronto City Hall co-working spaces are an important element of their economic strategy. MaRS-supported ventures have generated $3.16 billion CAN revenue, raised $4.83 billion CAN capital, since 2008. MaRS-supported businesses also created over 12,800 jobs in 2017. Since it launched in 2010 the DMZ has assisted 388 start-ups through the joint raising of $563.6 million CAN in seed funding. For the Ontario Regional Government this is a success as the DMZ has resulted in over 3,666 new jobs being created (DMZ, 2019). The Centre for Social Innovation’s members also ‘generate about $250 million in revenue every year’ (Reynolds, 13th September, 2016). The Ontario Government is actively encouraging the ‘Pooling’ of SMEs, larger businesses, and universities as this blending is considered an important factor in the economic success of regeneration and innovation districts. It’s clear successful co-working spaces assist economic growth but how do they become successful and what do they offer SMEs?

# Findings on successful co-working for SME Growth

# Co-working is not new, it was common in the souks of the Middle East, the Medieval Guilds of Europe and the British Co-operative Movement of the eighteenth century. Contemporary Co-working can be seen as a development of this; work and production spaces that offer an environment tailored to promote project-oriented, pro-social, collaborative work is beginning to extend outwards from the high technology sector to other industries. As the media industry becomes more ‘fuzzy’ that is more intertwined with technology, co-working is therefore likely to be of growing interest as new alliances can be fostered and supported within such cross-sector sites of production. In Chapter Six an analysis of ‘Lean’ governance and legal structures that can support aggregations of SMEs working on projects.

# Through the three case studies and the larger body of data from the three- year study it was found…

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| Successful co-working spaces have | |
| 1. | Adaptable work space for hire |
| 2. | ‘Green’ environments for work, play and rest. |
| 3. | Cafes and kitchens for the formation of trust relationships |
| 4. | A Community Manager |
| 5. | Learning and knowledge exchange events |
| 6. | Business mentoring (*acceleration*) |
| 7. | Seed funding for new projects (*incubation*) |
| 8. | Communities of practice |
| 9. | Support from City Hall, a university, or a commercial incubation firm |

Co-working spaces need to ensure SMEs are getting maximum value from their tenancy or they will move. The managers of the CIC co-working space in Boston described tenancies with longevity as being over two years.

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| Co-working offers SMEs | |
| 1. | Ability to scale up/down |
| 2. | A place to work and relax/meet others |
| 3. | Trust relationships within a well-run Community of Practice |
| 4. | Training |
| 5. | Access to mentors |
| 6. | Seed funding |
| 7. | Cultural exchange/new ways of working |
| 9. | Access to support normally found in HR or business support departments of large firms. |
| 10. | Access to skilled workers |
| 11. | Increased visibility in the marketplace |

**What has been learnt about Co-working**

Each high technology cluster in the study of ten across North America and Europe is nuanced by different historical, socio-cultural and economic characteristics. One strong instance of similarity was the universal presence of co-working spaces. We can therefore establish that co-working is an important element of the internal fabric of clusters. The success of a co-working space is often measured as a density value; the more SMEs who are in proximity the more likely new ventures will be developed. As an example, London South Bank University’s co-working space is expressed as supporting 1450 start-ups, generating £370m, and being “home to 72 small businesses” (LSBU, 2019:14). These are typical measures frequently quoted in marketing material related to co-working spaces. Co-working spaces function as cross-sector ‘introduction agencies’ through the support of cross-sector projects. MaRS Discovery District, the DMZ, and the Centre for Social Innovation are cross-sector aggregators. They can facilitate the blending of media *with* technology (as in the Centre for Social Innovation), law *with* technology, or fashion *with* technology (in the case of the DMZ).

In the wider three-year study ‘Organisational culture of public service media: People, values and processes’ (Dr Michal Glowacki and Professor Lizzie Jackson) each of the ten clusters were associated universities to a greater or lesser degree. For example the Massachusetts Institute of Technology (MIT) developed the CIC co-working space which now has six locations across the US and two in Europe (Rotterdam and Warsaw). Ryerson University runs the DMZ incubator and The University of Toronto is a partner in the MaRS Discovery District. Co-working is a site of cross-sector cultural negotiation where the incubation and acceleration of novel products, services or experiences is the aim. It is also an agent of mediation drawing together industry and academia or different industries that has Network Effects; co-working spaces grow in value as more people join its community of practice.

For media firms co-working could assist more traditional creative businesses to engage with high technology firms. At a recent event run by the European Broadcasting Union (‘Accelerating European Media Innovation’, October, 2019) the conclusion was that partnership working between content creators and technologists will increase over the next decade. Florida’s argument that (Florida, 2012) the Silicon Valley model of the high technology industries could ‘be transplanted into the Cultural and Creative Sector’ is rightly criticised by McRobbie (McRobbie, 2016: 48). Each co-working space has to appeal to the community of practice. Co-working can however support cross-sector working facilitated by community management. For example Somerset House Exchange in central London are inviting high technology firms to take tenancies to support cultural mediation between these new firms and their existing cultural and creative industry tenants. The DMZ in Toronto also co-houses high technology and creative firms. All of this requires skilled facilitation techniques visible in the social events and pitch nights attended during the research visits. Explanation of such facilitation is outside of the scope of this paper, but it deserve further research and dissemination.

Empirical evidence from the study (the interviews and observations) points to a developing social science around co-working. The international franchise WeWork is experimenting with sentiment analysis and happiness indexes to be able to adjust their services for tenants. Turk describes how WeWork uses ‘presence sensors in its buildings to track how people are using the space’ (Turk, 2018:82) and desk occupation. The staircases and corridors are also narrowed to promote interaction between tenants. The financial investment in such developmental work may have partly caused the financial crisis at WeWork. Such ‘SMART’ or manipulated environments may have implications from ethical perspectives however they also offer a potentially fruitful new field within the social sciences.

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