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The Intention to Use Co-Working Space: Is it related to Rental Fees, Location, and Training?

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ABSTRACT

Objective - Entrepreneurs today strive to manage their business successfully, which they may accomplish by reducing costs while maintaining optimum productivity. A trendy choice for entrepreneurs today is to use co-working space instead of renting the space independently, which can incur heavy overhead. Thus, this study investigates the relationships between SMEs' intention to use co-working space and rental fees, location, and training provided by co-working space owners.

Methodology/Technique –The sample consists of 267 young entrepreneurs in Malaysia. Questionnaires were distributed to the sample, and the items focused on the intention to use co-working space, rental fees, location, and training provided by co-working space owners. The sample used a Likert scale with ratings from 5(Strongly Agree) to 1(Strongly Disagree) to rate the items.

Finding – The analysis shows that rental fees have a positive, significant, and weak relationship to co-working space, while location and training have a positive, substantial, and moderate relationship to co-working space.

Novelty –The study has implications for co-working space owners to provide attractive packages or incentives, including facilities, training and location, and work atmosphere. More importantly, monetary packages with low costs or attractive promotions could be offered to attract young entrepreneurs to use co-working spaces for their business activities which will benefit both owners and users.

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1. Introduction

Rental costs are a severe obstacle to growth and development, especially during the post-Covid era for new entrepreneurs. The main objective for most entrepreneurs to start a business is to find the optimal way to reduce costs, which is why shared workspace has become an alternative for them.

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These places offer shared space, provide free access to equipment, and better working conditions for entrepreneurs, freelancers, and business owners who pay membership fees, making flexibility and autonomy easier for their business (Tintiangko & Soriano, 2020).

Entrepreneurs also have free access to workshops and training organized by the workspace owners (Robelski et al., 2019). The community-centered approach is one of the most salient features that distinguish shared workspaces from other workspaces and traditional work offices (Gill et al., 2019). Moreover, the competitive advantage in the workplace is related to their strength in creating strong communities that emphasize a collaborative work environment (Ansio et al., 2020). Meanwhile, studies conducted in Malaysia show that the leading choice for Malaysians to use shared workspace is based on costs and location factors (Sanny et al., 2019). However, more detailed research is needed to identify the factors that can be attractive for entrepreneurs to rent co-working space. Hence, this paper aims to investigate SMEs' perception of the important elements for rental fees, location, and trainings that might influence their intention to rent co-working spaces in Malaysia.

2. Literature Review

Co-working spaces offer shared space, free access to equipment, and better working conditions to entrepreneurs, freelancers, and business owners who pay membership fees, thus facilitating flexibility and autonomy (Tintiangko & Soriano, 2020). The location of the co-working space with a virtual office address can facilitate entrepreneurs to run and manage their businesses smoothly. This is because co-working spaces are equipped with various facilities such as a free shared address, secretarial services, free access to co-working space on specific days, and meeting rooms (Robelski et al., 2019). As these facilities are shared, entrepreneurs can reduce costs compared to renting working space independently. Training refers to free access to workshops and training organized by co-working space owners (Robelski et al., 2019). When using co-working space, SMEs can benefit as they are free to attend these workshops and training, which they perceive as helpful with no extra cost.

The current study adopts the Technology Acceptance Model (TAM) (Davis, 1989) to explain the theoretical framework. The theory describes the factors of acceptance of a particular technology leading to users' behaviour to utilize the technology. The basic TAM model consists of two components: Perceived Usefulness and Perceived Ease of Use. Perceived Usefulness refers to the user's perception that using a particular system will bring improvement or benefit, and perceived Ease of Use is defined as the user's expectations that the target system is effortless (Davis, 1989). Guided by the TAM model, this study focuses on two primary factors which influence an individual's intention to use a co-working space (new technology or system), which are perceived ease of use, and perceived Usefulness which influence SMEs' intention to use co-working space (Dependent Variable -DV). The perceived Usefulness gained is in terms of rental fees, location, and training (Independent Variables -IV) provided by the co-working space owners (refer to Figure 1 below).

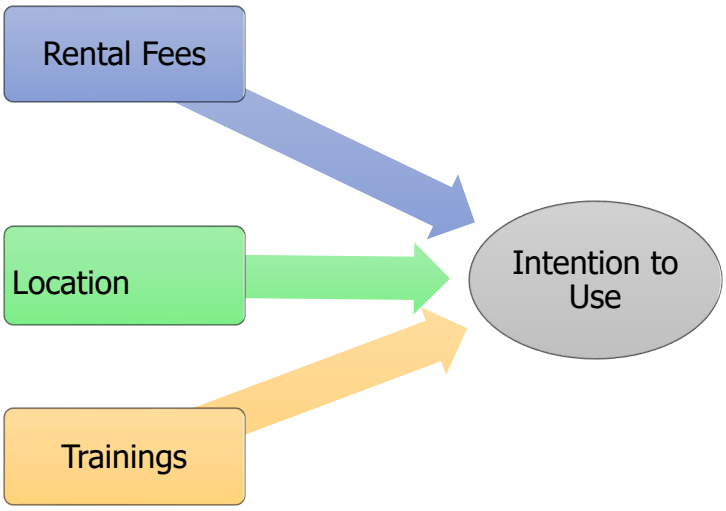

Figure 1 Conceptual Framework on the Relationship Between Rental Fees, Location, and Training, and Intention to Use Co-Working Space

3. Research Methodology

About 2000 questionnaires were distributed to SMEs in Malaysia. About 280 participants voluntarily responded, and only 267 questionnaires were used for this study. The questionnaire is divided into two parts: the first is for personal information, and the second consists of items related to the variables in this study. The independent variables (IV) are rental fees (RF) with thirteen (13) items, location (L) with sixteen (16) items, training (TR) with seven (7) items, and the dependent variable (DV) is the intention to use (IU) with ten (10) items. A 5-point Likert scale was used in measuring the items with 5 as Strongly Agree, 4 for Agree, 3 for Neutral, 2 for Disagree, and 1 for Strongly Disagree.

Out of 267 respondents, about 51.7% consist of males, 85% married, 63.4% less than 40 years old, 31.7% with university level education, 70.4% sole proprietors, 86.1% in the service sector, 52.5% with an income of less than RM60K per year, and 72.7% have been in business for 10 years and less. Hence, the SMEs that responded to the survey were in the category of young companies who may need to consider using co-working space to save costs.

The reliability analysis shows that Cronbach Alpha values are as follows: rental fees (RF) with α=0.925 consists of 13 items, location (L) with α=0.874 consists of 16 items, TR with α=0.776 consists of 7 items, and IU with α=0.970 consists of 10 items (refer to Table 1 below). As the Cronbach Alpha values are all above 0.75, all the items were accepted as reliable and, thus, can be used to measure the variables.

Table 1. Reliability Analysis of Items

Factors	Number of Items	Items Deleted	Total Items	Cronbach's Alpha
Rental Fees (RF)	13	0	13	0.925
Location (L)	16	0	16	0.874
Training (T)	7	0	7	0.776
Intention to Use (IU)	10	0	10	0.970

4. Results and Discussions

Table 2 shows that all thirteen (13) items for rental fees (RF) display a mean of more than 3.0; hence, the entrepreneurs are either agreeable or neutral on the items for rental fees. From Table 2, an item with a high agreement on rental fees is the preference for a long-term contract at a cheaper rate. A moderate agreement requires a more affordable rate for a flexible, basic co-working space. The low agreement consists of monthly fees for a basic facilities package and basic facilities, additional fees for additional facilities, and flexible seating in the co-working space. Most of the respondents are neutral on the following items, which are short-term contract, paying more for standard co-working space, additional fees to get 24/7 access to facilities, paying higher membership to access within Malaysia, paying more membership fees to access within Malaysia, and other countries, and pay more to use premium co-working space. Hence, most entrepreneurs prefer cheaper rates when considering renting co-working space (Sanny et al., 2019).

Table 2. Descriptive Statistics of Items on Rental Fee

Rank	Items on Rental Fees	Mean	Std. Deviation	N
Extremely Important 5.00 – 3.95	N/A	N/A	N/A	N/A
Highly Important 3.94 – 3.85	Prefer long-term contract (more than 1 year) with a cheaper rate.	3.86*	1.16	267
Moderately Important 3.84 – 3.75	Prefer cheaper rate for a flexible co-working space.	3.81*	1.15	267
	Prefer cheaper rate for a basic co-working space.	3.77*	1.14	267
Low Importance 3.74 – 3.50	Prefer monthly fees for a basic facilities package.	3.73	1.08	267
	Prefer monthly fees for basic facilities provided.	3.71	1.10	267
	Prefer additional fees for additional facilities.	3.65	1.11	267
	Prefer additional fees for flexible seating in a co-working space	3.57	1.11	267
Neutral 3.49 – 3.00	Prefer short term contract (hour/day/week/month).	3.48	1.23	267
	Prefer to pay more to use a standard co-working space.	3.47	1.18	267
	Prefer additional fees to get 24/7 access to facilities.	3.25	1.14	267
	Prefer to pay a higher membership fee to access affiliate co-working space within Malaysia.	3.18	1.18	267
	Prefer to pay a much higher membership fee to have access to co-working spaces in Malaysia and other countries.	3.11	1.12	267
	Prefer to pay much higher fees or rent to use premium space.	3.04	1.18	267

Based on the analysis, out of 14 items for location (L), only 2 items with a mean less than 3.00. Table 3 shows the findings on location (L) as extremely important as modern atmosphere and interior aesthetics, followed by a critical location with parking space, similar to a previous study conducted in Jakarta (Dianovita, 2019). There are three (3) items: industrial atmosphere and interior aesthetics, open layout, and semi-open layout, and four (4) items for low importance, which are extreme diversity of tenants, closed layout, with the receptionist and telephone operator, and home-like interior atmosphere. Most entrepreneurs who responded to the survey are neutral on five (5) items which are no diversity among the tenants, moderate diversity of the tenant, not having a receptionist, and a telephone operator, having a receptionist and no telephone operator, and a location that can ride bicycle or motorcycle. Lastly, most entrepreneurs disagree on the location near their house, where they do not prefer to walk, and they do not like to use public transport to the co-working space, which is similar to previous studies (Dianovita, 2019).

Table 3. Descriptive Statistics of items on Location

Rank	Items on Location	Mean	Std. Deviation	N
Extremely Important 5.00 – 3.95	Prefer a modern atmosphere and interior aesthetics	4.06*	0.90	267
Highly Important 3.94 – 3.85	Prefer a co-working space with a parking space	3.92*	0.95	267
Moderately Important 3.84 – 3.75	Prefer an industrial atmosphere and interior aesthetics	3.78*	1.04	267
	Prefer an open layout (large open workspace)	3.78*	1.03	267
	Prefer a semi-open layout (combination of the open and closed workspace)	3.77	0.93	267
Low Important 3.74 – 3.50	Prefer tenants with an extreme diversity of tenants.	3.74	0.94	267
	Prefer a closed layout (enclosed and separate workspace)	3.73	1.05	267
	Prefer a co-working space with a receptionist and telephone operator.	3.54	1.04	267
	Prefer a home-like interior and atmosphere	3.51	1.12	267
Neutral 3.49 – 3.00	Prefer a co-working space with no diversity of tenants.	3.46	1.12	267
	Prefer tenants with moderate diversity of tenants.	3.26	1.00	267
	Prefer not to have a receptionist or telephone operator	3.20	1.13	267
	Prefer to have a receptionist but no telephone operator	3.19	1.04	267
	Prefer to ride a bicycle or motorcycle	3.12	1.16	267
Not Important 2.99- 1.00	Prefer to walk to the co-working space	2.94	1.20	267
	Prefer to use public transport (buses, LRT, taxi, etc.)	2.79	1.08	267

Based on the analysis, out of seven (7) items for Training (T), five (5) items are under the category of important, and two (2) items are under the category of neutral. The five (5) items under the category of important or extremely important to low importance are co-working space with free training, once a while with networking events, small fees to attend training, frequent training, and frequent networking events (Jackson, 2017). Most of the entrepreneurs who responded to the survey are neutral on not having events at all and once a while training.

Table 4. Descriptive Statistics of Items on Training

Rank	Items on Training	Mean	Std. Deviation	N
Extremely Important 5.00 – 3.95	Prefer a co-working space with free training.	4.02*	0.89	267
Highly Important 3.94 – 3.85	N/A	N/A	N/A	N/A
Moderately Important 3.84 – 3.75	Prefer a co-working space with once a while networking events.	3.84*	0.87	267
Low Importance 3.74 – 3.50	Prefer to pay small fees to attend training.	3.73*	0.94	267
	Prefer a co-working space with frequent training conducted.	3.59	0.97	267
	Prefer a co-working space with frequent networking events.	3.57	0.97	267
Neutral 3.49 – 3.00	Prefer a co-working space with no events at all.	3.25	1.11	267
	Prefer a co-working space with once a while training conducted.	3.16	1.05	267

Based on the analysis, out of ten (10) items on intention to use (IU), all items fall under the important category. The findings in Table 5 below show that four (4) items under the category of extremely important, which are having access to facilities in Malaysia, having access to the facilities in Malaysia and other countries, can build business networks and co-working spaces allowing building a business network. Four (4) important items are accessible 24/7, training, workshops, and exclusively for tenants. For moderately important items, two (2) items are cheaper than having own office, and accommodation available at the co-working space. Hence, accessibility can be seen in extremely important items (accessible in Malaysia and accessible in Malaysia and other countries) and essential (24/7 accessibility), which had been highlighted in previous studies of co-working spaces (Weijs-Perrée et al., 2019).

Table 5. Descriptive Statistics of Items on IU

Rank	Items on Intention to Use	Mean	Std. Deviation	N
Extremely Important 5.00 – 3.95	Have access to facilities in Malaysia.	4.01*	0.86	267
	Have access to facilities in Malaysia and other countries.	3.99*	0.86	267
	Can build my business network.	3.96*	0.90	267
	Allows building business network.	3.96*	0.85	267
Highly Important 3.94 – 3.85	Accessible 24/7.	3.93	0.87	267
	Training available for tenants.	3.93	0.85	267
	Workshops are available for tenants.	3.89	0.85	267
	More exclusive.	3.85	0.90	267
Moderately Important 3.84 – 3.75	Cheaper than operating my own office.	3.79	0.91	267
	Accommodation is available for rent.	3.78	0.94	267

Pearson Correlation analysis shows that there is a significant and positive relationship between L and IU (r=0.420**; p=0.000), TR and IU (r=0.390**; p=0.000), and RF and IU (r=0.353**; p=0.000). According to (Akoglu, 2018), if r value +/-1 is perfect correlation, +/- 0.9 to 0.7 is a strong correlation, +/- 0.6 to 0.4 is a moderate correlation, and +/-0.3 to 0.1 is a weak correlation. Hence, the relationship between location to use is a moderate correlation, whereas the relationship between training to use and rental fees with intention to use are weak but near to moderate.

Table 6: Correlation Analysis between Intention to Use Co-Working Space and Rental Fees, Location, and Training

		RF	L	TR	IU
RF	Pearson Correlation	1	0.668**	0.497**	**0.353****
	Sig. (2-tailed)		<0.001	<0.001	**<0.001**
	N	267	267	267	**267**
L	Pearson Correlation	0.668**	1	0.697**	**0.420****
	Sig. (2-tailed)	<0.001		<0.001	**<0.001**
	N	267	267	267	**267**
TR	Pearson Correlation	0.497**	0.697**	1	**0.390****
	Sig. (2-tailed)	<0.001	<0.001		**<0.001**
	N	267	267	267	**267**
IU	Pearson Correlation	0.353**	0.420**	0.390**	1
	Sig. (2-tailed)	<0.001	<0.001	<0.001	
	N	267	267	267	267

**. Correlation is significant at the 0.01 level (2-tailed).

The findings show that for research question 1, the relationship between rental fees with intention to use co-working space (r=0.353) is a positive, significant, and weak correlation. Therefore, this implies that rental fees are correlated but have a low correlation with the intention to use co-working space; hence the results are in line with that of Weijiss-Perree et al.'s (2019) and (Soegoto & Hafandi, 2018), which indicate that the factors that motivate co-workers to work in a co-working space include an affordable work environment inclusive of accommodation outside their home and other facilities.

Research question 2 shows a positive, significant, and moderate relationship between location and intention to use co-working space (r=0.420). The findings supported by (Soegoto & Hafandi, 2018) study that the internal and external facilities can attract users to use co-working spaces. As for research question, 3 has a weak correlation on the relationship between training and the intention to use co-working space (r=0.390). Regarding training and professional events, the findings support (Fuzi, 2015) and (Spreitzer et al., 2015), indicating that one factor for joining co-working environments is fostering networking practices and social interactions, enabling the development of entrepreneurial activities.

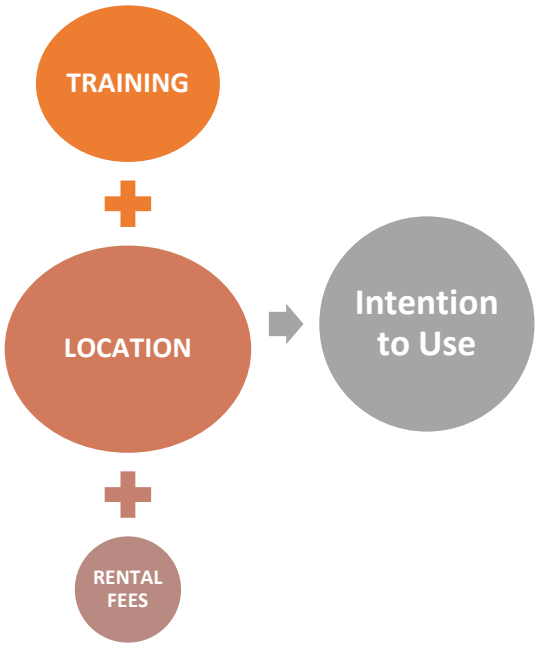

Figure 2 Relationship Between Location, Training, and Rental Fees with Intention to Use Co-working Space

Figure 2 illustrates the relationship between location, training, and rental fees to use co-working space; hence, rental fees appear to be considered a less essential factor in entrepreneurs' decision to use co-working space which is similar to previous studies (Wang et al., 2022). In other words, the intention of entrepreneurs to use co-working space is moderately dependent on factors related to location (Wang et al., 2022) (Soegoto & Hafandi, 2018), and training (weak but near to moderate correlation) (Fuzi, 2015) (Spreitzer et al., 2015), while the rental fee is regarded as a less important factor comparatively.

5. Conclusion

This study investigated the intention to use co-working space and its relationship with three factors, namely location, training, and rental fees. The findings show that location and training have a moderate relationship with the intention of entrepreneurs to use co-working space, whereas the rental fees have a weak relationship with the intention to use co-working space, similar to a study conducted in China (Wang et al., 2022).

The findings have implications for co-working space owners to consider offering attractive incentives or packages related to location and training, which may attract entrepreneurs' intention to use co-working spaces as these two factors are considered moderately important in entrepreneurs' decision-making. As rental fees are weakly related to intention to use co-working space, owners should consider offering more benefits to entrepreneurs as a pull factor for them to use their co-working space.

Future research should focus on different samples of entrepreneurs from different sectors and factors that may influence an entrepreneur's decision to use a co-working space, different variables, which may include anthropometry, ergonomics, and other facilities which may have an impact on the entrepreneur's decision to use a co-working space. The implications of such research on workers' productivity should also be investigated to enhance the development of the tenant's company in a co-working space.

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