# Decoding Corporate Reputation in co working spaces

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## *Abstract*

*Corporate reputation is an important concept and good reputation demonstrably increases corporate worth. It also provides sustained competitive advantage in the industry. Relating it to co-working was required because most of the organisations are using these shared offices spaces to save time, money & efforts. The aim of the study was to explain the role and impact of corporate reputation and analyse the factors impacting reputation in co-working spaces. A qualitative method using in-depth interviews & narratives were used to analyse the data using grounded theory and narratives which was coded to analyse and draw meaningful insights about the collected data. Important drivers for reputation in co working spaces are environmental factors, employee satisfaction & customer satisfaction and administrative operations. The study indicates there is an increase in awareness about co-working spaces. However most of the companies are reluctant to change & continue that. After evaluation, all the factors affecting the corporate reputation of co-working spaces, three factors, namely Quality of Service, Loyalty and Corporate Social Responsibility were found out to be the strongest. The factor affecting corporate reputation to the highest degree is Quality of Service followed by loyalty & Corporate Social Responsibility.*

## 1. Introduction

Reputation is a powerful concept for business, government and non-profit organisations, just as it is for individuals. Executives, administrators, external and internal stakeholders, critics, and supporters of organisation and they all use the concept of reputation routinely to evaluate and communicate their perceptions about organisations. Students too typically pay more attention when their teacher links scholarly theories and empirical studies to an organisation's reputation. We wondered whether corporate reputation is a relevant and useful construct to integrate into different theories about business and society relations.

Charles Fombrun, whose definitions have been perhaps the most widely used, suggests the following: a collective assessment of a company's attractiveness to a specific group of [1]stakeholders relative to a reference group of companies with which the company competes for

resources. Fombrun's definition contains three core ideas: firms have multiple reputations, depending on which stakeholders are being considered; corporate reputation is a comparative construct, because a firm is always judged in relation to something else -in this case, the firm's competitors; and firms' reputations are a source of competitive advantage or disadvantage.
Conceptually, corporate reputation can be defined as the collective perception of the organizations past actions and expectations regarding its future actions, in view of its efficiency in relation to the main competitors. Some authors state that corporate reputation affects organizational performance, while others argue the opposite: organizational performance affects corporate reputation. Flanagan et al. (2011) studied the relationship between the evaluations of Fortune Most Admired Companies (FMAC) and the economic-financial performance of the organizations, and found that the relationship between corporate reputation and performance – initially identified by Brown and Perry (1994) – still exists, even if weakened. Besides different interpretations on the relationship between corporate reputation and organizational performance, some aspects of corporate reputation still require additional research, among which are: the definition; and the construct measurement).
In consideration to the current scenario of dynamic styles of running any business; innovation is important. With the increasing number of companies each day, the saturation of the area and resources is being reached at a very rapid pace. To overcome this problem, a new concept of co-working spaces has been introduced. Many start-ups and few big firms have adopted this new culture. To sustain a firm's position in the future, companies need to keep up with the upcoming trends. Hence, firms need to explore in this direction and our research paper give an insight into decoding corporate reputation into co-working spaces. Reputation is one of those rare subject matters that cuts across several disciplines and can be put through different analytical frames to produce research that is exciting and path breaking.
The corporate reputation of a business is essential to its survival in the industry. The confidence of the stakeholders in the company can have a direct and intense effect on a company's future success.
Co-working is the new trend being followed by many organizations to be part of a community which shares a workplace, often an office. The community not only shares an office but also values the synergy of working with people in the same place.

Thereby, the objective of this paper is to discuss the different approaches of the "corporate reputation" construct, in order to identify the most comprehensive definition that can be operationalized for measurement purposes. From there, we have examined studies on decoding corporate reputation in co-working culture of organisations, which is becoming popular across the globe. We have evaluated how much corporate reputation affects the performance of the co-working spaces. A qualitative analysis was carried out to analyse the reputation and its effect on co-working spaces.

## 2. Literature Review

Operational definition of corporate reputation explains how successfully the company would be able to deliver the goals and objectives based on their past reputation made by the perceptions of the internal and external stakeholders of the organization.

Energy sector, public and private sector, co-working spaces, financial bodies and business sector are various disciplines in which corporate reputation has been recognized and is being worked upon extensively.

Precisely considering co-working spaces, corporate reputation is seen as an ability of the firm to create an apt professional environment so as to help the companies do stellar work and achieve their desired goals and objectives. Few companies in co-working sector running on the concept corporate reputation are WeWork, Spaces and Regus etc.

**Co-working Spaces:** **(By- "Economics Times", 2018)**

A co-working space, as the name suggests, refers to an office area where a number of organizations work out of a shared space or floor, contrary to the conventional office area where a particular space is leased out or used by a single organization. It also provides its members flexibility of space or desks as per its requirement and all the logistical amenities are taken care of by the space provider.

The price per seat in a co-working space varies from as low as Rs 5,000 per month to premium slots going for Rs 35,000 per month, depending upon the operator and the market dynamics.

There are over 600 shared workspaces with over 1.80 lac seats across the country. Area under co-working spaces is currently around 13.5 million square feet, data from consultancy firm CBRE showed.

In the overall office market space, co-working spaces have seen a rise in demand, especially among start-ups, Anshuman Magazine, Chairman, India and South East Asia, CBRE, told IANS. "While co-working companies took up a modest 0.17 million square mts (1.8 million square feet) in 2017, the first quarter of 2018 itself has exceeded the annual tally of 2017 at 0.19 million square metres (2 million square feet)," according to a Knight Frank report. According to market participants, space-takers in the segment range from start-ups to big corporations; however, start-ups and small corporations form a major part. Market players say the rise in interest comes on the back of perks such as cost-effective and flexible leasing terms and hassle-free operations, among others.

Karanpal Singh, founder of The Circle, which recently launched its first co-working centre at the Huda City Centre Metro Station, Gurugram said: "Today the millennials want a good environment to work in, just as much as a good just as much as a good company to work in."

Talking of the designing aspect, Yash Kela, founder of interior designing firm Arrivae, said that corporate offices are more formal and hierarchy-driven spaces while co-working spaces are more vibrant, casual spaces. Community areas like balconies or terraces are the primary areas where employees can interact and discuss.

"Overall, the two categories are the complete opposite. Corporates tend to attract an older age group whereas co-working spaces are catered for start-ups where the age groups are way younger," he said.

The concept of co-working spaces has so far been largely limited to the tier-I cities. Although business centers have cropped up in few tier-II cities, the popularity there is yet to pick up, market players said.

On the outlook for the market, sector players said the market seems positive and demand would increase from here on.

**Corporate reputation and organizational performance**

The research paper (By- "Mehdi Taghian", "Clar D'Souza", "Michael Polonsky", January 2012) focused on the perception of stakeholders on corporate reputation and aims to identify whether it is associated with organizational performance. This paper review corporate reputation and investigate how it can be measured in terms of its associations with two business performance indicators -market share and profit. The research contributes to a better understanding of the importance of corporate reputation, and its relevance to outcome-focused reputation management. This study regards corporate reputation in terms of only one stakeholder group's perception (i.e., managers) and how they believe consumers view the company. The important issue is to identify the attributes and dimensions of corporate reputation that consumers find realistic and meaningful.

A model was constructed to demonstrate the associations anticipated and to allow for estimating the relationship between corporate reputation, market share and profit. This study uses the views of Australian company managers selected from the Dun & Bradstreet business database in regard to their perceptions of how they believed customers viewed their organizations. The data were analyzed using both descriptive measures and exploratory factor analysis, in AMOS. All measurements were tested separately for internal consistency-reliability (Cronbach's Alpha) and predictive validity. The result indicates that corporate reputation is associated to market share performance, but only at a moderate level and there are other factors that lead to organizational performance. Also, increase in reputation does not necessarily leads to increases in profitability.

In extension to the aforementioned paper, here the authors "Robert Inglis", "Clive Morley", "Paul Sammut", 2006 the relationship between corporate reputation and financial performance is tested using Australian data. The authors argue that in corporate practice the link between reputation and performance proceeds via strategy and competitive advantage. Having a reputation resource is not enough; it needs to be managed well and exploited if it is to yield financial results. More work is needed to establish reliable measures of reputation. Econometric modelling method is used for the analysis of data.

The author finds out that there is no causal relationship between corporate reputation and financial performance (in either direction). This is contrary to some findings in other countries. Reputation may not have a significant impact on performance in Australia There may be weaknesses in the existing measure of reputation, or the finding may be due to unobserved variability in the intervening variable of managerial exploitation of the reputation.

Taking a legitimacy perspective to performance, the authors "Honggui G. Li", "Zhongwei W. Chen", "Guoxin X. Ma" define legitimacy as a generalised perception that an entity, and/or its actions, is justified according to a societal culture. They came to the conclusion that corporate reputation has significant positive relationship with enterprise growth i.e. sustainable growth which guides organisational strategies and management practices.This positive relationship was found through all pathways tested. Brand image, social responsibility, innovation capability and staff quality are all important to enterprise growth. Similar effects were found for innovation legitimacy on enterprise growth, indicating that legitimacy is an important theoretical perspective in understanding how businesses could develop in various important aspects.

**Building corporate Reputation as a strategic asset through CSR initiatives -**

Financial performance of an organization can upgrades when it is treated as a strategic asset. This paper presents discussion and critical review of corporate reputation as a strategic asset. It concludes that corporate reputation may not be identified as an asset on the balance sheet but it affects investors' confidence, staff recruitment, supplier attitudes and a myriad of other stakeholders in its capacity as relationship capital. It therefore, represents a principal risk to any business and as such falls within the strategic issue that companies must give top priority, particularly as marketing-oriented organizations. Authors also cited how corporate reputation works as an asset. It is certainly not a fixed asset or depreciable and a figure cannot be put on it. It can be claimed to be an intangible asset whilst valuing it is complex and controversial. Putting a value on a brand was once thought impossible so valuing a reputation should not be discounted for the future. Reputation represents a principal risk to any business and as such falls within the strategic issue that companies must give top priority. Reputation has a value even if it cannot be expressed financially. The possibility of this value being reduced represents a business risk.

Author "Charles J. Fombrun**"** explains how CSR initiatives help build up any firm's reputation, ultimately improving its business performance. Although corporate reputation's profitability factor is seen to improve by tending it to an asset, his paper cites how various standard-setting initiatives have also been developed in recent years to induce companies to adopt more systematic, progressive and visible corporate social responsibility (CSR) policies, which could help uplift any organization's reputation. The author discusses how companies are increasingly often asked to demonstrate how their actions and policies are meeting various predetermined social and ethical criteria. Doing so can help build reputation and failing to do so can be a source of reputational risk. When companies can claim to have met the standard and are 'certified' by an accredited body, they can label their products or plants accordingly. As a result of growing interest in CSR policies, 'standard setting' are becoming a rapidly growing industry of its own. The more widely accepted the label or standard, the more the company can claim legitimacy in complying with prevailing 'best practice'. The more useful the standard, therefore, the better it is at both reducing a company's exposure to reputation risk from non-governmental organization (NGO) activists and in differentiating the company and its products from those of rivals.

**<u>Corporate Reputation and its consequences: Evidence from Turkey</u> (By- "Bahar Yasin" ,July 2012)**

To begin with we have analyzed various researches on corporate reputation. A growing body of literature has led to many alternative definitions of corporate reputation. For Gotsi and Wilson (2001), corporate reputation should be viewed as 'a stakeholder's overall evaluation of a company over time'. Marken (2002) defined reputation as assets that include 'quality of products and services, ability to innovate, value as long-term investment, financial stability, ability to attract, develop, retain talent; use of corporate assets, and quality of management.' According to Fombrun (1996) it is based on a set of collectively held beliefs about a company's ability and willingness to satisfy the interests of various stakeholders. Walsh and Beatty (2007) also have emphasized the plurality of perceptions and representations concerning a company, but in their work they have mainly defined the corporate reputation concept from only customers' point of view. In their explanations regarding the originating point of the customer-based reputation concept Walsh and Beatty (2007), argue that a firm can have multiple reputations, with a different set of attributes for different stakeholder groups.

Thus, the various dimensions of corporate reputation may be perceived differently by different audiences and different audiences may attach different weights to these dimensions or even use somewhat different criteria to evaluate a firm. With this point of view Walsh and Beatty (2007) report that specifically customers' views of reputation are really important and worth to investigate so they developed a customer based corporate reputation scale which focuses only one important stakeholder group, customers.

## 3. Gaps in the definition of Corporate Reputation:

Literature review revealed different factors that affect the corporate reputation as per various authors. There are various aspects unexplored as of now which are very vital in building the pillars of corporate reputation. One of such factor is Co-working Spaces. With the rapidly expanding businesses there is an approaching saturation of resources, and co-working spaces can be a solution to that.

In a recent study it has been observed that co-working enables people around the world to connect with each other and find out the work/business opportunities. These days corporates are becoming more attracted to co-working spaces. This is because of the spiralling cost of real estate and the risk of taking long leases. For small businesses and start-ups, paying a huge deposit on premises is a major challenge. However, there are also other factors coming into play, for example the opportunity for employees to work remotely, changing expectations of work and a need for stimulating working environment. There are various other perks which are now days being learnt by the corporates such as, co-working spaces can improve staff retention and attract new talent to their organisation.

By using co-working spaces, traditional companies get the opportunity to connect and collaborate with innovative businesses while also building their brand presence among the digital community.

Younger generations prefer a work environment that is creative and stimulating to inspire their best ideas. A survey about co-working, showed that 89% of people who co-work are happier than those in traditional jobs. People are essentially social animals and being in a social workplace results in better job satisfaction. Digital nomads, in particular, are often solo entrepreneurs and freelancers, so it is inevitable to feel lonely. Hiring a desk within a co-working space gives them instant access to a ready-made community. Feeling part of a community can bring significant mental health benefits. Therefore co-working spaces contribute a lot in a firm's overall reputation. Co-working spaces has a bright future ahead and would soon be adopted on a large scale. Also, it is a fact that small businesses, when exposed to opportunities to raise their profile, can significantly boost their growth. If co-working is truly an enabler for such opportunities, then it is worth the investment.

## 4. Methodology -

The prime aim of the study the role and impact of corporate reputation and analyse the factors impacting reputation in co-working spaces. This study has conducted in-depth interviews of various stakeholders and using the responses from open ended questionnaire and interviews. The study adopted The study is based on qualitative analysis technique of grounded theory and the responses from 36 stakeholders was later on coded to find the relationship between factors of relevance for reputation for co-working spaces.

The method of sampling used here is stratified sampling. This type of sampling was done as it is the most manageable & effective way of sampling & it was desirable to have estimates of population parameters for groups within the population.

Here, we have divided the population into following stratas:-

1. People working in established firms
2. People working in startups
3. People not working in corporates

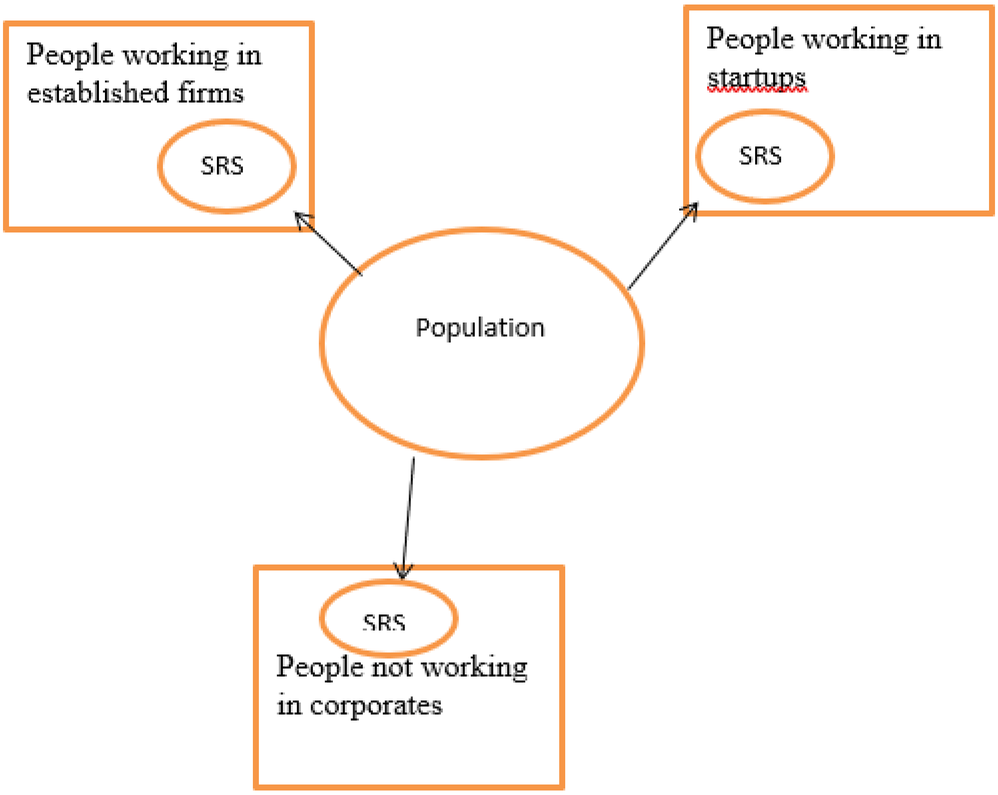



Figure: Stratified Sampling Stratas

## 5. Analysis-

For the analysis of collected data we have used qualitative approach. In this we performed axial coding and reached to following results.

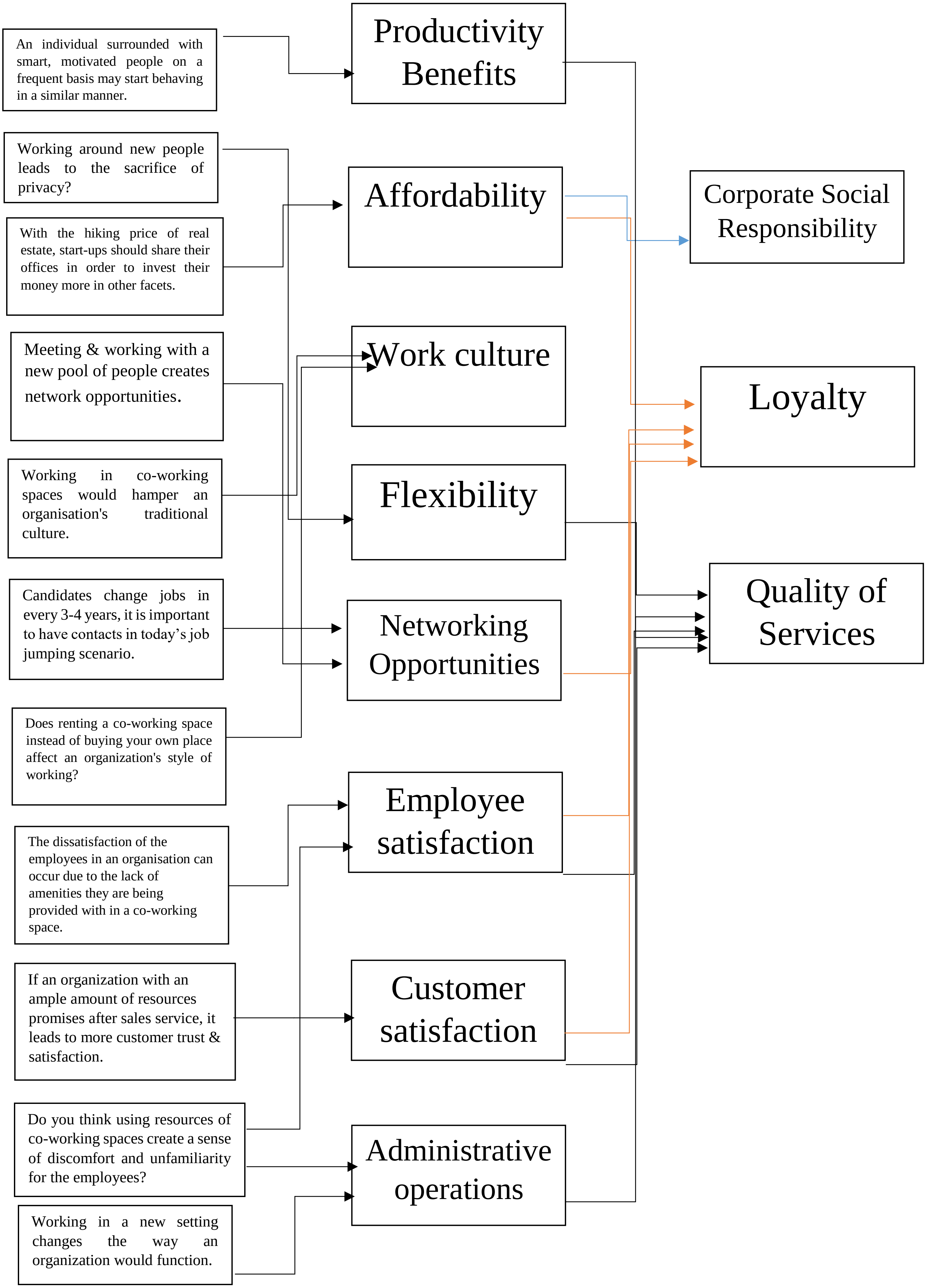
Axial coding is the breaking down of core themes during qualitative data analysis. Axial coding in grounded theory is the process of relating codes (categories and concepts) to each other, via a combination of inductive and deductive thinking. The basic framework of generic relationships is understood, according to Strauss and Corbin (1990, 1998) who propose the use of a "coding paradigm", to include categories related to:-

(1) The phenomenon under study. (Corporate Reputation)

(2) The conditions related to that phenomenon. (All independent & intervening variables)

(3) The actions and interactional strategies directed at managing or handling the phenomenon.

(4) The consequences of the actions/interactions related to the phenomenon.


An individual surrounded with smart, motivated people on a frequent basis may start behaving in a similar manner.
Working around new people leads to the sacrifice of privacy?
With the hiking price of real estate, start-ups should share their offices in order to invest their money more in other facets.
Meeting & working with a new pool of people creates network opportunities.
Working in co-working spaces would hamper an organisation's traditional culture.
Candidates change jobs in every 3-4 years, it is important to have contacts in today's job jumping scenario.
Does renting a co-working space instead of buying your own place affect an organization's style of working?
The dissatisfaction of the employees in an organisation can occur due to the lack of amenities they are being provided with in a co-working space.
If an organization with an ample amount of resources promises after sales service, it leads to more customer trust & satisfaction.
Do you think using resources of co-working spaces create a sense of discomfort and unfamiliarity for the employees?
Working in a new setting changes the way an organization would function.
Productivity Benefits
Affordability
Work culture
Flexibility
Networking Opportunities
Employee satisfaction
Customer satisfaction
Administrative operations
Corporate Social Responsibility
Loyalty
Quality of Services

## 6. Conclusion:

During the course of our project work we found out various aspects of co working spaces which affect corporate reputation. These factors are; environmental factors, employee satisfaction & customer satisfaction and administrative operations. We also realized that although a fair amount of people are aware of the concept of co working spaces, the large scale companies are still reluctant to shift to work in this style. Co working spaces have been readily adopted by a huge number of start-ups. The reason being, the adoption of this working style cuts down on the high cost of possessing various resources. The cost incurred on infrastructure, maintenance of various amenities comes down to a huge extent. The co-working spaces operate on a 'pay what you use' policy. Further, the relationship between corporate reputation and co working spaces were decoded. The parameters which represent reputation in relevance of co working spaces are Corporate Social Responsibility (CSR), loyalty, QOS. We further can conclude that if a company indulges in co-working spaces, it can affect their QoS positively which might lead to a good reputation. Although, the realization of benefits of working in a co-working space is a long way to go for many organizations.

## 7. Result:

By interviewing various sets of people, following deductions were made;

- These are the factors which form a bridge between the coworking culture & the corporate reputation for any firm were affordability, work culture, flexibility, networking opportunities, employee satisfaction, customer satisfaction, administrative operations.

- The parameters which represent corporate reputation in relevance of coworking spaces are corporate social responsibility (CSR), loyalty, Quality of services.

- The ‘Corporate reputation’ of the firm folds up several times if it is backed by strong CSR initiatives. Taking affordability into consideration; the financial situation of a firm strengthens its hold on CSR activities. A well-established organization has a more significant contribution to the CSR responsibilities vis-à-vis a start-up with lesser profitability.

- The loyalty of customers & employees is dependent on the affordability, employee satisfaction, customer satisfaction, networking opportunities.

- If any organization indulges in coworking spaces they end up saving a lot of finances which could’ve been really costly otherwise. With the low cost of real-estate, the money saved can therefore be used up for conducting many more customer loyalty programmes. Hence, affordability of a firm plays a major role in maintaining loyalty of customers.

- If the needs of the employees are met, it eventually results in their loyalty towards the firm.

- Factors affecting overall Quality of service (QoS) of any organization are work culture, flexibility, productivity benefits, administrative operations, employee satisfaction & customer satisfaction.

- Co-working spaces enables employees to work around people with various skill sets & backgrounds. This in turn increases the knowledge and efficiency of employees further upgrading the productivity & QoS of a firm.

- The work culture supported by coworking spaces enables free exchange of thoughts and decentralization. This helps employees to achieve a greater level of satisfaction at the work place.

- Co-working spaces helps in the flexible use of any rented space. It cuts down on the unnecessary costs of buying a place. Since, the rented space can be used only when it is required, it increases the window of activities that can be conducted in the same place.

- Co-working spaces is known for providing good quality of amenities to its users. The organizations working in co-working spaces have access to all these amenities, therefore increasing their QoS.

Finally, CSR, loyalty & QoS are the three predominant factors measuring the corporate reputation of firms in respect to coworking spaces.

The factor affecting corporate reputation to the highest degree is QoS followed by loyalty & CSR.

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