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A Growth Hub for Scale-up Companies

Timo Luukkola

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Author Timo Luukkola

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Thesis supervisor Prof. Mikko Jääskeläinen

Thesis advisor(s) Kaarlo Väisänen, MSc and Jarkko Ilkka, BE

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Scale-up companies build economic growth, create breakthrough innovations, boost job creation, and solve challenging problems. However, heretofore most of the growth hubs have been built from the early-stage startups' point of view. How should growth hubs support scale-up companies, and in which directions should they develop their offering?

This study aims to understand the fundamentals of the scale-up-first growth hub by studying scale-up companies with three research questions; what scale-ups value in offices, by which criteria they select office locations, what office-related premises and services scale-up companies use when running their business daily, and how are their business elements affected by the office. Twelve semi-structured interviews were conducted with scale-up companies, resting on the inductive qualitative research methodology.

The study's main theoretical contribution is the identification and high-level explanation of the scale-up supportive growth hub. In addition to this, the study gives managerial implementations; for hub managers an understanding of special needs scale-up companies have and guides to offer better premises and services for this specific group, and for scale-up companies information on office effect and what to consider when selecting the office space.

Keywords Scale-up, startup, co-working, startup hub, growth hubs

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Scale-up-yritykset edistävät talouskasvua, luovat läpimurtoinnovaatioita, lisäävät työpaikkoja ja ratkaisevat haastavia ongelmia. Tähän mennessä suurin osa kasvukeskuksista on kuitenkin rakennettu alkuvaiheen startup-yritysten näkökulmasta. Miten kasvukeskusten pitäisi tukea skaalautuvia yrityksiä ja mihin suuntaan niiden pitäisi kehittää tarjontaansa?

Tässä tutkimuksessa pyritään ymmärtämään scale-up-first-kasvukeskittymän perusteita tutkimalla scale-up-yrityksiä kolmen tutkimuskysymyksen avulla; mitä scale-up-yritykset arvostavat toimistoissa, millä kriteereillä ne valitsevat toimistopaikat, mitä toimistoon liittyviä tiloja ja palveluja scale-up-yritykset käyttävät päivittäisessä liiketoiminnassaan ja miten toimisto-olosuhteet vaikuttavat niiden liiketoimintaan. Tutkimuksessa tehtiin kaksitoista puolistrukturoitua haastattelua scale-up-yritysten kanssa induktiivisen laadullisen tutkimuksen menetelmän pohjalta.

Tutkimuksen tärkein teoreettinen panos on skaalautuvaa kasvua tukevan kasvukeskittymän tunnistaminen ja sen korkean tason selittäminen. Tämän lisäksi tutkimus antaa ohjeita: kasvukeskuksille ymmärrys erityistarpeista, joita skaalautuvilla yrityksillä on, sekä ohjeet parempien tilojen ja palvelujen tarjoamiseksi tälle erityisryhmälle. Scale-up yrityksille tutkimus tarjoaa tietoa toimistotilojen vaikutuksesta ja siitä, mitä on otettava huomioon toimistotilaa valittaessa.

Avainsanat Scale-up, kasvuyritys, kasvukeskittymä.

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Special thanks for our fantastic startup ecosystem – we will change the world together!

Espoo, 10 November 2021
Timo Luukkola

Definitions and Abbreviations

Coworking space | **“**Flexible, membership-based collaborative community spaces where diverse groups of people gather in a common shared office space to work for different companies on different projects.” (Kojo & Nenonen, 2017)

Growth hub | A physical location or campus that provides serviced private workspace facilities that are rented for flexible short leases as a part of a larger community or co-working space.

Scale-up | “A later stage start-up with high growth ambitions and potential for a scalable business. In contrast to start-ups, a scale-up has already validated its product in the market and has proven its sustainability (product/market fit).”

Startup | “A startup is a human institution designed to deliver a new product or service under conditions of extreme uncertainty” (Ries, 2011). A company aims for exponential growth towards exit or IPO.

Startup ecosystem | “The entrepreneurs, talent, startups, scale-ups, corporates, investors, support organizations, academic institutions, and government players interaction aiming to the creation and growth of new companies.” (Feld, 2012)

Startup community | Startups and people in the startup ecosystem, with a strong sense of collaboration and helping each other and continuously evolving and inviting new people to join.

Unicorn | A company whose corporate value is demonstrably in excess of one billion USD.

Workplace | “The entire physical environment for work. The workplace contains a large number of workspaces — both individual workspaces and group workspaces” (Olson, 2002)

Workspace | “The space, where individuals do their work. Other terms commonly used are ‘office’, ‘cubicle’ or ‘workstation’” (Olson, 2002)

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1 Introduction

1.1 Background

Scale-up companies (more matured startups) are building economic growth, creating breakthrough innovations, boosting job creation, and solving challenging problems (Calvino et al., 2018; Cohan, 2011; Marie George, 2016; Monteiro, 2019; Spender et al., 2017). This makes them an essential part of the world's economy and future development. Scale-ups play a considerable role in creating new services and more efficient ways of doing things and solving global problems like climate change or unsustainable consumption. During the past years, Europe has progressed in producing more startups (Bueno et al., 2018) but has lacked behind startup super hubs like Silicon Valley or New York City (Baroudy et al., 2020). The same situation exists in Finland, where the number of scale-ups and unicorns remains too low. On the other hand, the recent study presents that the number of scale-ups in Nordics is above the EU average, and Nordics have the potential to become one of the leading scale-up hubs in the world (Bjerg, 2019). Moreover, the effect of innovative scale-ups is widely transmitted, boosting productivity growth, competitiveness, and sustainable growth, both on a national and global level (Ilmari, 2021).

One of the main reasons of importance of scale-up companies is their role in generating jobs (Acset al.,2008; Acs and Mueller,2007; Anyadike-Daneset al.,2009; Birch and Medoff, 1994; Brüderl and Preisendörfer, 2000; Davidsson and Henrekson, 2002; Delmaret al.,2003; Halabiskyet al., 2006; Littunen and Tohmo, 2003 cited in Monteiro, 2019). Scale-ups also generate wealth and economic growth, act as role models inspiring peer companies, regional innovation outcomes, and economic development (Piazza, 2002; Acs & Armington, 2006; Acs & Mueller 2008; Henrekson & Johansson, 2010; Haltiwanger et al., 2013 cited in Zhao et al., 2019). Scale-ups are also attractive to venture capital, especially foreign direct investments (Zhan et al., 2014), and play an essential role in recovering from the recession (Ilmari, 2021). Based on the studies, scale-ups obtained a greater share of their revenues from overseas (Zhao et al., 2019). This is an important factor for some countries; for example, exporting goods and services is almost 40 percent of the Finnish GDP (Business Finland, 2018; Clausnitzer, 2021). Scale-ups also attract the most talented professionals globally and increase knowledge imports (Ilmari, 2021).

Supporting scale-up companies makes sense because of their impact on our economy and development. The new startup era has created new startup ecosystems all over the world. Coworking and shared workspaces have gathered startup companies, investors, and other ecosystem players in the same areas. These growth hubs aim to provide the best possible conditions for founders to accelerate their companies, and most successfully, remove some of the risk and uncertainty. In addition, the way of working is undergoing a transformation. The number of coworking spaces has been growing worldwide (Deskmag, 2019; Gandini, 2015; Leclercq-Vandelannoitte & Isaac, 2016; Statista, 2020) while becoming more than just an office alternative but service-oriented workplaces that facilitate socialization of knowledge (Hong Tan et al., 2021). Meantime, companies are looking for alternatives for owning traditional offices. The changing nature of work and companies' increased desire to build remote teams open new opportunities and challenges for growth hubs (Atomico & Slush, 2020). For example, remote work takeover undermines companies' willingness to pay the premium cost of certain popular locations (Atomico & Slush, 2020). How should growth hubs respond to this change, and in which directions should they develop their offering?

The existing research lacks knowledge of how growth hubs potentially benefit or disadvantage start-up companies, especially in the growth stage. Most of the growth hubs have been built for early-stage startups, while scale-ups (a later-stage startup) should be increasingly supported. The matter is not indifferent since the choice of scale-up office location remains a vital productivity (Olson, 2002) and competitiveness (Termaat et al., 2014) question. However, there are not enough research papers consumed of growth hubs yet (Jeske & Ruwe, 2019), and the real impact is worth exploring in more detail to gain a more critical but realistic understanding.

What are the key factors scale-up companies are looking for from the office? What kind of space and services should growth hubs provide to support scale-up companies? The concept of the growth hub for scale-up companies has not been documented in academia yet. Thus, this study has three primary purposes. Firstly, recognize the office-related needs of scale-up companies. Secondly, understand what assets hubs should foster to support companies, especially in the scale-up stage. Thirdly, give valuable information on how the office affects scale-ups.

1.2 Research Questions and Objectives

Growth hubs have received very little attention in academic research, even though they play a fundamental part in the startup ecosystem. Heretofore, most of the hubs have been built from the early-stage startups' point of view, which works only partially with changing needs of later-stage scale-ups. To understand how growth hubs could serve startups in the scale-up stage the most value-producing way, our aim in this research is to understand:

> *How should growth hubs support scale-up companies,*
> *and in which directions should they develop their offering?*

Since Finland has no existing hubs built especially for scale-ups, the phenomenon is approached with multiple research questions. First, to understand the fundamentals of the scale-up-first growth hub, we need to study existing scale-up companies; what they value in offices, by which criteria they select office locations, what office-related premises and services scale-up companies use when running their business on daily basics and are their business elements affected by the office?

The first research question is related to general requirements and exclusionary factors guiding scale-ups in the office selection process. These could include the location, price, shared and private premises, services, and optional add-ons.

Research question 1: How do scale-up companies choose their office location, and what aspects do they value?

The second question focuses more on how the day-to-day work occurs, what services they provide to their employees, and what kind of work culture they value. This gives us an understanding of the physical facilities and services the hub should offer to create a scale-up supportive environment.

Research question 2: What office-related premises and services scale-up companies use when running their business in daily basics?

With the third research question, we try to determine how scale-up is affected by the office in general. For example, do office decisions have a direct impact on performance or success? What are these affected characteristics in scale-up? Examining this helps to create an understanding of why premises and services should be taken care of in the first place.

Research question 3: What scale-up company's business elements are affected by the office?

Research questions and research objectives corresponding the questions are shown in Table 1 below.

Table 1. Research Questions and Corresponding Objectives

Research Questions	Objectives
Question 1: How do scale-up companies choose their office location, and what aspects do they value?	Understand the process of how scale-up find its office and identify the main factors affecting the office decisions.
Question 2: What office-related premises and services scale-up companies use when running their business in daily basics?	List needs and desires scale-up has related the office and understand the characteristics of a scale-up supportive environment.
Question 3: What scale-up company's business elements are affected by the office?	Form an understanding if there are business factors or other company elements affected by the office.

1.3 Methods, Results, and Implications

In this study, we use a qualitative approach since its applicability aiming to understand a phenomenon and develop a theory from the study findings (Flick, 2018). The existing literature on growth hubs was limited, practically non-existent related to scale-ups. However, it was suitable to conduct a priming literature review to guide data collection and analysis. Twelve semi-structured interviews with scale-up companies from the Helsinki area formed a primary data source. Relevant information of companies and previous satisfaction questionaries conducted from Maria 01 residents supported interviews. The data analysis was conducted by using the Gioia method to bring qualitative rigor to the study (Gioia et al., 2013)

The primary result of the study is the identification and high-level explanation of the growth hub supporting scale-up companies. Scale-up companies choose their location mostly without specific processes. Founders and employees are all involved, but the final decision is made by the founders. Scale-ups value flexibility and functionality, urban location close to traffic hubs, and easily terminated contracts in that order. Price is a secondary factor if other factors are met. Dedicated places for concentration-intensive work, like disturbance-free workstations and soundproof office pods for calls, support individual work. For teamwork support, different sized meeting rooms, a large space for bigger gatherings, and spaces that facilitate casual encounters, like kitchen or lounges, were important to foster a cozy, working atmosphere. The most important factors affected are recruitment, brand image, employees' satisfaction, and productivity. Since recruitment is a vital part of successful expansion, scale-up should focus their resources on functional office space.

The primary theoretical contributions of the study are identification and high-level explanation of the growth hub supporting scale-up companies, which includes recognizing factors affecting the office selection, what scale-up company elements are affected by the office, and the main characteristics of the scale-up supportive office environment. In addition, the dynamic relationship between growth hubs and scale-ups is proposed. For hub managers, the study creates an understanding of special needs scale-up companies have and guides to offer better premises and services for this specific group. For scale-ups, this study gives valuable information on office effect and what to consider when selecting the office space.

1.4 Structure of the Thesis

The introduction chapter is followed with two chapters, where the literature review is presented. Chapter two defines a scale-up company and discusses why they are essential in general. Also, challenges and drivers of growth are reviewed, followed by the office behavior typical for scale-ups. The third chapter is an overview of growth hubs, how they have evolved, and how they differ from traditional offices. Different characteristics from physical assets to ecosystem and culture are also examined. Together these chapters form the theoretical basis of the study.

The fourth chapter follows the literature review, presenting the methodologic choices of the study. After that, the findings of the study are presented in chapter five. In the sixth chapter,

the study's findings are discussed in the light of the literature review, and theoretical and managerial implications are suggested. This chapter addresses the research questions rigorously based on the interview data. Thus, the empirical part of the study is formed from methodology, findings, and discussion. The final chapter concludes the research and study findings. The structure is presented in Figure 1 below.

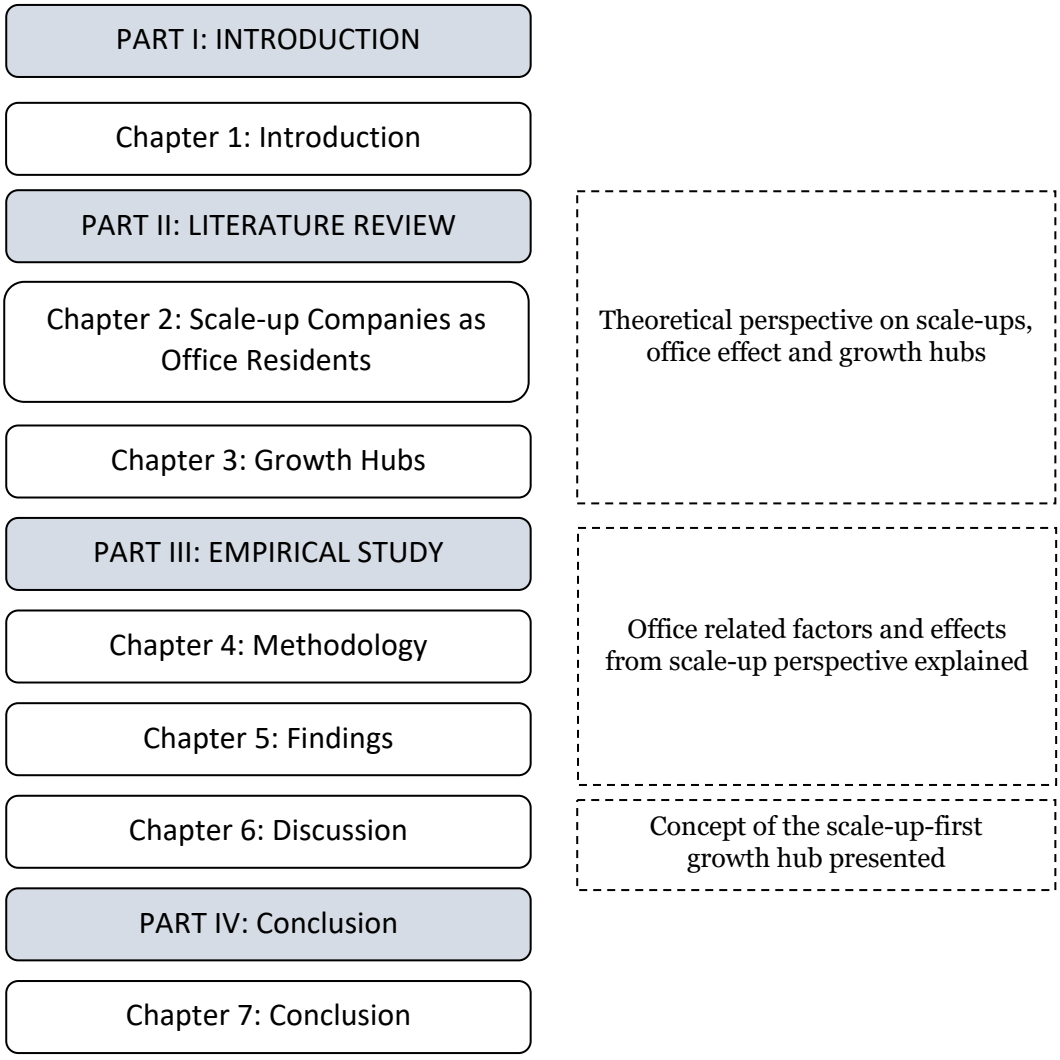

Figure 1. Structure of the Study

2 Scale-up Companies as Office Residents

2.1 What is a scale-up company?

Generally, a scale-up is one of the startup company growth stages. However, it has not yet received a precise definition in academia. In the academic context, scale-up definitions vary depending on the country, organizational field, or year. Different sources have different characteristics based on the minimum number of employees, revenue, and growth rate. Also, different terminology is used to describe companies with similar characteristics, which makes it hard to compare different sources.

Some definitions used by researchers are a 'scale-up', 'High-Growth Firm' (or HGF) (Monteiro, 2019), 'Gazelle' (Cunneen & Meredith, 2014), and 'Growth Company'. What is more, relations between different terms also occur. According to Monteiro (2009), any scale-up is an HGF, but not always an HGF is a scale-up. In its simplicity, a scale-up is a High-Growth Firm whose "accelerated cycle of growth and wealth creation is fundamentally based on the scalability of its business model" (Monteiro, 2019). Organisation for Economic Co-operation and Development (OECD) has its own scale-up definition: a scale-up company is a firm that has an average annualized growth rate greater than twenty percent over the past three years with at least ten employees at the beginning of the period. (Woodward, 2009) However, this definition of scale-up adds to the confusion, as it is similar to one of the most cited definitions for high-growth firms. Many companies also mistakenly define themselves as scale-ups since it is trendy at the moment. What is more, the most successful startup companies can pass the early stages faster than three years, making time a questionable metric. Common to these 'scale-up' definitions seem to be (1) scalable and proven business model, (2) some amount of continuous growth, and (3) certain business size reached in employees or turnover.

In this research, we use a combination of the characteristics above suitable for our study and the Finnish startup landscape. Firstly, the scale-up company should aim to continue its development and expand its market internationally. Secondly, the company should have more than ten employees and average annualized growth in the number of employees greater than 20%, which is enough to create the circumstances to consider the office effect. Thirdly, the company's annual turnover is more than one million, and the company had a proven

product-market-fit and business model, making a clear difference between scale-up and startup. Also, in our spelling format, the hyphen is used; scale-up.

2.1.1 How does scale-up differentiate from the 'regular' business or startup?

The fundamental difference between a regular growing business and a scale-up is how they grow. The key difference is that "scale is achieved by increasing revenue without incurring high costs," differing from growth that happens linearly by adding new resources (Whatman, 2021). As shown in Figure 2, regular small business differentiates from scale-up by growth ambitions and business model scalability.

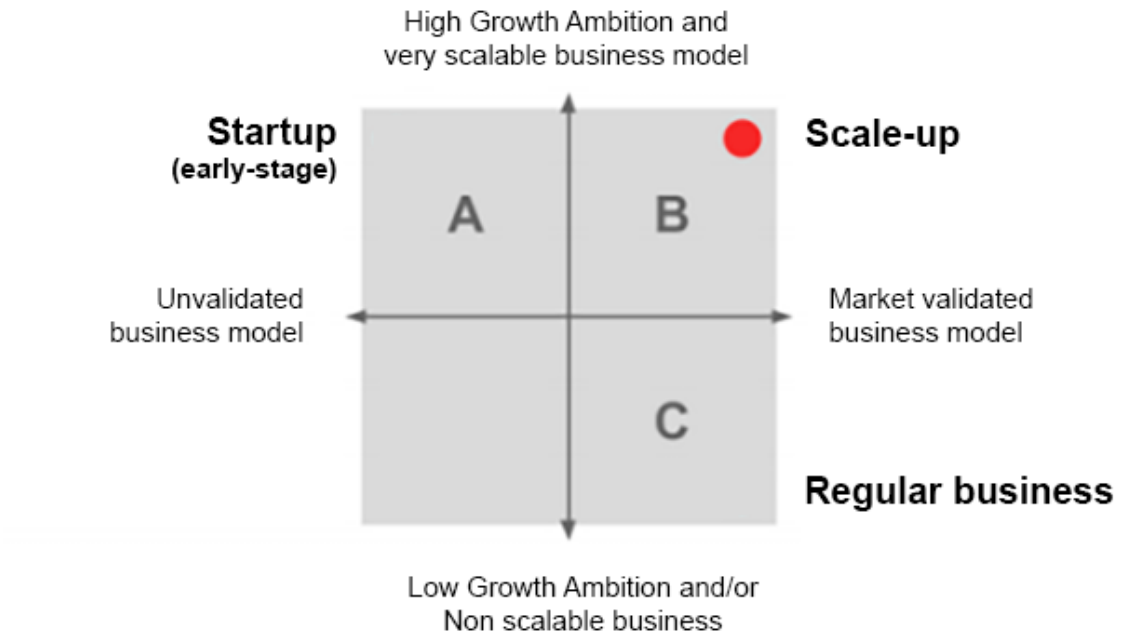

Figure 2. Definition on Startups versus Scaleups (adapted from Zhao et al., 2019)

Figure 2 also defines the difference between a startup and a scale-up in business model validation. Here, the company transforms from a startup to a scale-up when it is validated its' scalable business model. In colloquial language, the term 'startup' can mean a fast-expanding company all way from founding to exit (or IPO) or just the early stages of the fast-growing venture. In this study, the first stage of a startup is referred to as an 'early-stage startup'. In the next chapter, we dig deeper to define the scale-up growth stage.

2.1.2 Startup stages of growth

The scale-up stage is one of the stages of the startup company lifecycle from founding to exit. Literature includes multiple different allocations to stages, depending on viewpoint. For example, Dibner (2018) introduces division to three startup stages: Early, Series A, and growth. This division is based on the idea of a Series A funding round when many ventures move to the growth stage. Another example is six stages, based on Steve Blank's Four Steps to the Epiphany: discovery, validation, efficiency, scaling, sustenance, and conservation (Marmer et al., 2011).

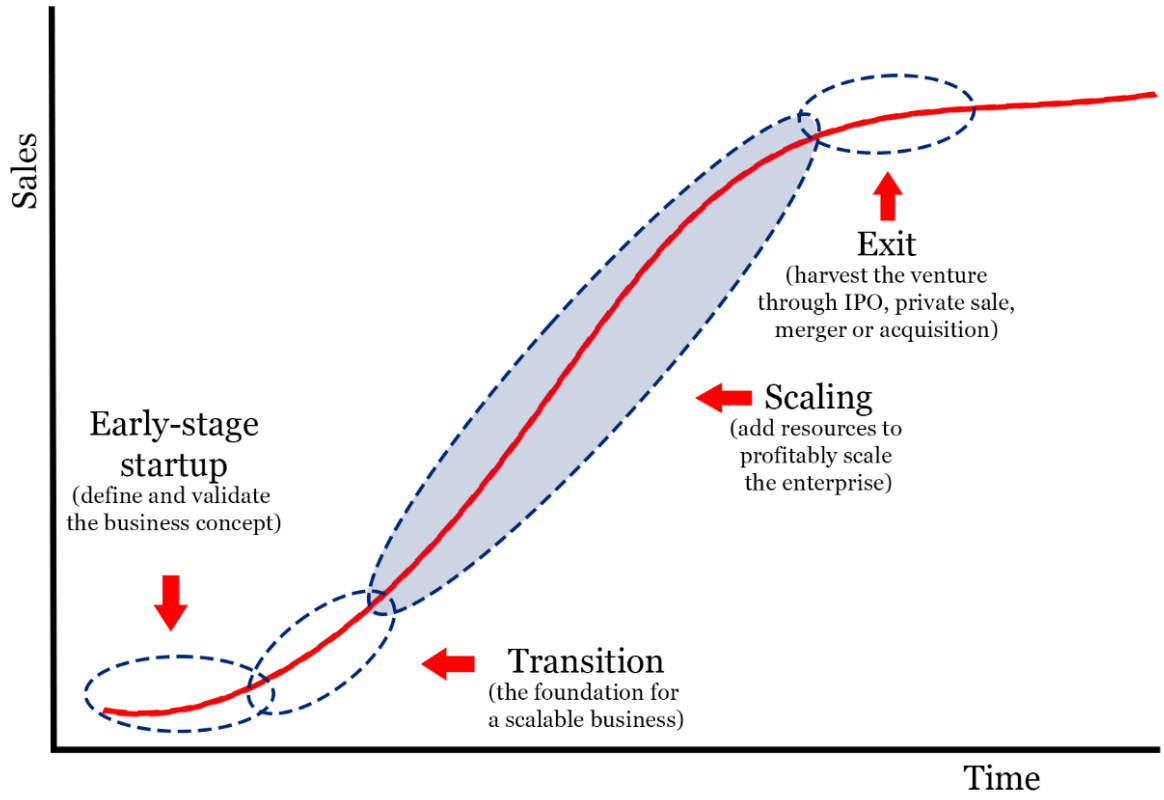

Figure 3. Four stages in the life cycle of startup (adapted from Picken, 2017)

Picken's (2017) introduces more general four stages, which do not focus on individual financing rounds or iteration steps but divide the venture growth into three stages: early-stage startup, transition, scaling, and exit stage (see Figure 3). The third phase, scaling, follows the transition stage, also known as the "valley of death" (Salamzadeh & Kesim, 2015), where most startups face insurmountable challenges. To survive from that stage, companies should find the right product-market fit and develop their offering towards markets of considerable

size (Bjerg, 2019). Survived startup moves to the scaling stage, where the company has already validated its product in the market and has proven its sustainability.

In this study, we consider scale-ups to be in the scaling stage. During the scaling phase, the business objective is rapid growth, targeting sustainable market leadership and competitive scaling. Organizational changes are typical when moving to more structured processes. (Picken, 2017) Scaling also often requires external investments (from venture capitalists), talented people, and fast-expanding infrastructure, defined more in the next chapter.

2.2 Drivers of growth for the scale-up company

Multiple studies have focused on the critical factors of successful scale-up companies. Drivers of growth could be categorized into internal and external factors (Bjerg, 2019; Zhao et al., 2019), even though they rarely express purely internal capabilities or purely external resources. Internal factors build growth inside the company and are decisions that can be led and chosen strategically. Conversely, external factors are not only dependent on internal decisions but are factors that can only be influenced to a limited extent. These two categories are presented in Table 2 below.

Table 2. Internal and external factors

Internal factors	**External factors**
Founders and owners	Geographical factors
Product-market-fit	Capital and investments
Firm operation and growth strategies	Talent
Human resources management	Infrastructure
R&D capabilities	Institutions and government regulations

Among the **internal factors**, founders have a crucial role in securing and developing the business into its next growth phase (Bjerg, 2019). Companies with growth-oriented founders grow much faster and will more likely to survive (Lahtinen et al., 2016). In contrast, (Marmer et al., 2011) claim that a founder's previous education or experience does not affect

the scaling success. Founders with previous experience dare to take investments, have gathered a critical network around them, and do better recruiting (Lahtinen et al., 2016). Finding the product-market fit acts as the fundamental part of the growth but does not guarantee consistent growth. To overcome this, scale-ups need to continuously develop their "ability to keep track market trends and meet the changing needs of existing and new customers by constantly developing their products, services and business model" (Bjerg, 2019).

People, both already on board and in the future recruited, are often a bottleneck of high growth rates (Bjerg, 2019; Lahtinen et al., 2016; Salamzadeh & Kesim, 2015). To attract new talent, companies establish offices in locations with better access to skilled employees and reach old and new networks. According to Motoyama's (2014) research, a skilled labor force (e.g., science and engineering university graduates) is vital for quickly growing firms (Zhao et al., 2019). There is also empirical evidence that employing qualified personnel and emphasizing training, employee education, financial incentives, and stock options are essential determinants of business growth (Lopez-Garcia & Puente, 2012).

In terms of the **external factors**, access to capital through all growth stages is crucial. Investors are not only money providers but offer management skills, industry-specific knowledge, and access to their business networks. Based on previous studies, companies utilizing both "formal finance (financing capital that has been sourced from banks and other formal financial intermediaries)" and "informal finance (the capital which has been sourced from friends, family, relatives, or private moneylenders)" are more likely to grow and perform better than their counterparts (Long, 2019 cited in Zhao et al., 2019). Adequate funding also makes it possible to acquire a functioning office from a suitable location. Providing an inspiring working environment and continuous innovation are key success factors (Termaat et al., 2014). The impact also comes partly from the external environment, where geographical factors affect the growth potential. Based on studies, scale-ups exist in areas with larger average establishment sizes, higher educational attainment, and more natural amenities (Zhao et al., 2019).

According to Termaat et al. (2014), top-performing companies have the most high-performing work environments compared to other companies. The physical environment that supports growth has a significant impact, especially for deep tech and manufacturing fields (Bjerg, 2019). Different infrastructure that supports prototype testing boosts research and

development activities, positively affecting the probability of successful growth (Zhao et al., 2019). According to Lahtinen et al. (2016), institutions, like universities, government, and cities, play a crucial role in ecosystem building. For example, cities are necessary providers of public procurement and responsible for creating conditions for the local startup ecosystems (Lahtinen et al., 2016).

2.3 Challenges of growth for the scale-up company

During the scaling phase, companies meet a variety of challenges. Bjerg (2019) divides the previously presented scaling stage to the 'growing to scale' phase from 10 to 50 employees and the expansion phase from 50 to 250 employees (see figure 4). Both phases have their challenges, some of which are elaborated in the following.

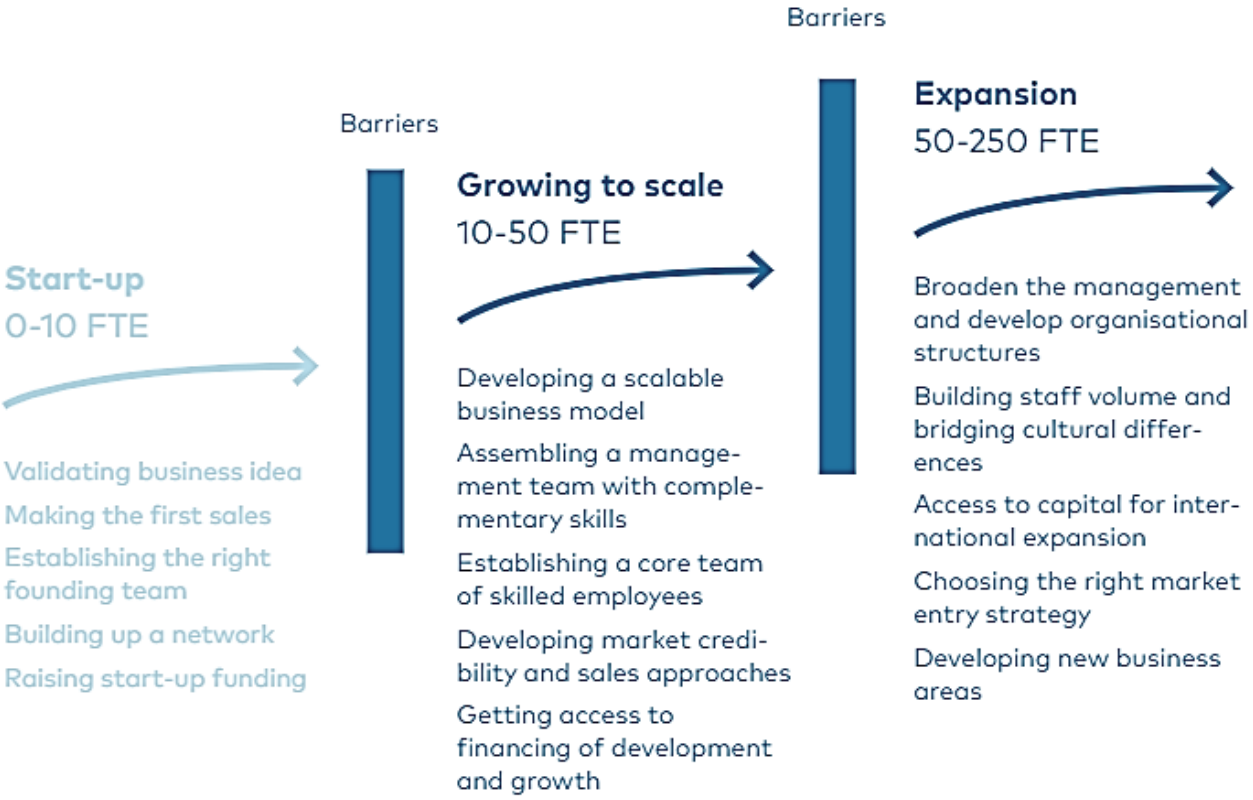

Figure 4. List of main challenges during different scale-up stages (adapted from Bjerg, 2019)

In the 'growing to scale' phase, companies still face some of the startup stage challenges. Often the quality of the product or service is still unattested and finding the maturity

business model greats a set of challenges. Leadership and talent acquisition challenges are common for the growing-to-scale phase. Office space also influences recruiting (Brady, 2017; Ciarimboli et al., 2017). Many recruit candidates have an idea of the office space they would like to work in. The design and structure of the office seem to be equally as crucial as the individual desk. According to the UK's leading office design and interior company's study, two out of five think the modern office is a crucial factor when considering the job offer (Saracen Interiors, 2018). The phase is also critical for the company's culture and values evolution.

Access the capital is a fundamental obstacle to overcome. Required investments keep product development, recruiting, sales activities, and organizational development ongoing. According to Baroudy et al. (2020), raising large funding ground is hard for companies in Europe due to a lower supply of late-stage capital, and it will not catch the United States level any time soon. Moreover, raising funding rounds is only one part of financing capability. Maintaining credibility and managing financial resources prudently while focusing efforts and resources on the right activities is essential when managing other people's money (Picken, 2017). Here the office is also one of the main costs where money is spent.

Bjerg (2019) also introduces another set of challenges related to team size over 50. The expansion phase is all about building a scalable business model and establishing market credibility. Additional problems are related to internationalization and business development. In this phase, the size of the team leads invariably to develop formal organizational structures like departments and middle management. These changes often require changes in office layout as well. At the same time, expanding need for new talent shakes company culture with different cultures, languages, and professions. Finally, every rapidly growing company struggles with space (Feld, 2020).

2.4 Scale-up workspace and work performance

To understand how growth hubs and office spaces could support scale-ups, we should not only review challenges and drivers but understand what tasks people do in the office and what kind of spaces they are using. According to the study done by Olson (2002), the "own workspace is still the primary spatial tool for work" for most. He divides office work into (1) work done in one's individual workspace and (2) work done outside the individual

workspace, presented in Table 3. Olson (2002) also argues that similar operating models can be generalized over different sizes of the firm.

Table 3. Different ways to do work in the office (adapted from Olson, 2002)

In one's workspace	**Outside one's workspace**
computer and quiet work *telephone work* *meetings, interactions in one's own workspace*	*scheduled meetings outside one's workspace* *informal interactions outside one's workspace* *taking breaks* *doing office chores/lab work* *other*

The use of computers and other equipment has further increased in the office environment. While laptops allow us to choose our workspace more freely, we cannot do most of the work without them. According to Olson (2002), individual work and frequent informal interactions are the two most time-consuming workplace activities. These two also promoted the most remarkable effects on performance and satisfaction. Through the behavioral environment, the physical environment is closely related to the satisfaction of work-related needs, work engagement, and performance (Meulensteen, 2017).

People learn the most about their disciplines, projects, and organizations via informal verbal interactions (le Clus, 2011; Olson, 2002), which often happens in shared spaces outside one's workstation. In contrast, overhearing others' conversations does not support learning (le Clus, 2011) but causes distractions from quiet work. Thus, balancing with the right amount of interaction is the key to high performance. Meeting others, sharing knowledge and ideas, and network with others are values that the physical workspace can offer (Van Baalen et al., 2007; Gensler, 2008 cited in Termaat et al., 2014). When it comes to the factors that influence a scale-up company's overall productivity, multiple studies show that one cannot

neglect the importance of a suitable work environment. Offices could be either supportive or unsupportive when it comes to a stress-free working environment (Vischer, 2007).

According to Olson (2002), “the design of the workplace and workspace have substantial effects on individual performance, team performance and job satisfaction.” While office space is also one big part of expenditure, focusing on workplace qualities and features affects bottom-line measures. While acoustic comfort and suitable lightning play an essential part in workplace productivity support, the most significant influence of work satisfaction and performance comes from floor configuration and furniture layouts (Brill, Margulis, & Konar, 1985; Hatch, 1987; Sullivan, 1990; Vischer, 1989 cited in Vischer, 2007). A research-based approach would help to find an optimal environment for specific scale-up needs.

3 Growth hubs

3.1 From traditional offices to growth hubs

Over the past hundred years, ways of working, workplace design, and technology have undergone various degrees of experimentation and change (Nenonen & Lindahl, 2017). Contemporary coworking, the earlier model of growth hubs, originates from San Francisco in 2005 (Gandini, 2015). Since that year, the growth rate of coworking has been 250 percent annually (Leclercq-Vandelannoitte & Isaac, 2016). In 2007, the term "coworking" was seen as a trend on Google's database for the first time. However, the term was restricted only to the United States until 2010 (Deskmag, 2021). During the 2000s, coworking diffused in the so-called 'creative cities' of advanced economies. Some of these are London, Berlin, or Paris in Europe, San Francisco, or New York in the USA. During that time, some researchers like Moriset (2014, cited in Gandini, 2015) saw coworking as a 'third place' between work and home.

Even coworking mainly was targeted to individual professionals (or coworkers), has usage of coworking spaces increased among business teams (Knoll Inc., 2016). Drivers behind the evolution of coworking and working in general are, for example, a new way of working (Termaat et al., 2014), sustainability, and regional development (Sankari, 2019). One example of new options is a coworking hotel, which Sankari (2019) describes as a concept that offers shared office spaces with short leases and added service packages.

Buildings are built for permanence while the pace of business and change continues to accelerate (Keane & Heiser, 2021). For companies, availability is becoming more important than possession (Termaat et al., 2014). Figure 5 shows the change in company workspace interest from 2013 to 2020. The focus (internal vs. external) and location (user-driven vs. community-driven) has mixed, and solutions have moved from separate concepts to versatile solutions. Traditional office buildings with long-term contracts have got alongside multi-tenant buildings in highly accessible locations like city centers or train stations. According to Termaat et al. (2014), the future trend among companies will be that access to an agile workspace is appreciated over office ownership.

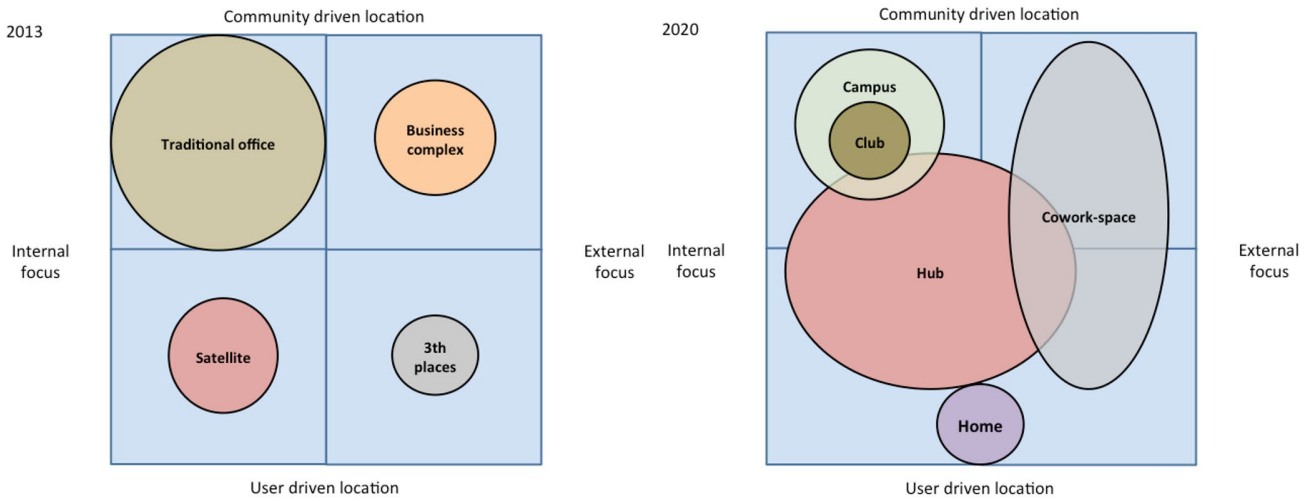

Figure 5. Workspace concepts in 2013 and 2020 (Termaat et al., 2014)

According to (Hong Tan et al., 2021), the price of co-working spaces compared to traditional offices was the motivator for companies selecting the co-working space, in combination with the flexible leasing option. Termaat et al. (2014) forecasted the multi-tenant buildings with short/mid-term lease contracts to be the next market for business complexes. However, according to Li (2016), traditional spaces will still engage attention among later-stage companies. This exception is based on the fact that these companies have the capital to invest in their own space and build company culture and identity. In addition, being able to decorate and reconstruct unique spaces seems to be essential for some companies. This approach is in line with Termaat's et al. (2014) forecast that office ownerships would be decreasing in the future, but the development will be faster in smaller organizations.

3.2 Types of growth hubs

In today's literature, the growth hub can mean anything from innovation district to co-working space, which creates the need to define the concept more precisely. Growth hubs have developed and transformed over the years, and at the same time, different co-working variations have created new kinds of concepts that differentiate but also overlap each other. What is more, growth hub and coworking spaces are considered mainly from an individual or small team perspective in previous studies.

One of the most abstract types of growth hubs is called "innovation hub". Michael Porter defined innovation hubs as "geographic areas where leading-edge anchor institutions and

companies cluster and connect with start-ups, schools, business incubators and accelerators. These places are physically compact, transit-accessible, and technically-wired and offer mixed-use housing, office, and retail" (Li, 2016). In multiple studies, innovation hubs are seen as larger urban areas, like Silicon Valley or Cambridge. Similarly related to larger areas, Startup Hubs are often determined as "a center with collective communities of founders which localize in a global entrepreneurial environment" (Marie George, 2016).

However, exceptions exist. Chirchietti (2017) defines an innovation hub as "physical environments that support start-ups and individuals at different stages of development. It is an umbrella term for a community-driven pre-incubator, incubator, accelerator, hackerspace and co-working space that encourages collaboration, networking, and innovation." Here innovation hub means smaller community, even the local start-up community, taking the term closer to co-working space.

Waters-Lynch and Potts (2017) defined coworking spaces as "shared office environments that a heterogeneous group of workers (rather than employees of a single organization or industry) pays to use as their place of work, to engage in social interaction and sometimes collaborate on shared endeavors … operated by third parties, usually as private, for-profit enterprises". This definition is closer to a startup hub. Growth hubs from a scale-up company perspective hardly exist in literature. The term "scale-up hub" occurs once in Bjerg's (2019) report, where the definition is not clearly delimited but used in a general way.

In this study, the term "growth hub" means a physical location or campus that provides serviced private workspace facilities that are rented for flexible short leases as a part of a larger community or co-working space. The definition is closest to Kojo and Nenonen's (2017) and Sankari's (2019) definition of a serviced office. However, their definition excludes the community aspect, which is important in our approach.

A selection of different types of growth hubs in order from the largest and the most abstracts to more specific is presented in Table 4 below.

Table 4. Different definitions from the literature

Term	How defined in the literature	Reference examples
Innovation district	Geographic areas where leading-edge anchor institutions and companies cluster and connect with start-ups, business incubators, and accelerators. Also, physically compact, transit-accessible, and technically wired and offer mixed-use housing, office, and retail	(B. Katz, 2014; B. J. Katz & Wagner, 2014)
Innovation hub	Example accelerator programmes, innovation centers, co-working spaces	(Bjerg, 2019; Chirchietti, 2017; Li, 2016)
Telecentres	An early model of co-working; strategically located physical facilities that provide public access to office spaces that are equipped with computer and telecommunication systems	(Bueno et al., 2018; Kojo & Nenonen, 2017; Sankari, 2019)
Co(-)working space	Flexible, membership-based collaborative community spaces where diverse groups of people gather in a common shared office space to work for different companies on different projects	(Bueno et al., 2018; Jeske & Ruwe, 2019; Knoll Inc., 2016; Kojo & Nenonen, 2017; Moriset, 2013; Sankari, 2019; Vandor et al., 2019; Waters-Lynch & Potts, 2017)
Startup hub	Places that provide ideal conditions for entrepreneurs to flourish and accelerate the growth of their businesses. Widely used term with multiple definitions.	(Baroudy et al., 2020; Feld, 2020; Marie George, 2016)
Scale-up hub	Like a startup hub but focusing on scale-up companies	(Bjerg, 2019)
Serviced offices	Multi-tenant shared office facilities in the form of either a single office or a network of offices that provide users with a fully furnished, serviced, and staffed on-demand workspace that is rented for flexible short leases	(Kojo & Nenonen, 2017; Sankari, 2019)

3.3 Characteristics of Growth hubs

3.3.1 Cultural support & ecosystem

We can already notice the trend, where offices are especially places for collaborative work (Keane & Heiser, 2021). Surrounding team members with like-minded people can boost one's productivity. While growth hub communities support especially individuals, the collaboration community also benefits startups and other types of organizations (Vandor et al., 2019). "The importance of networks and communities will increase" (Palmer, 2006; SER, 2007; Johns & Gratton, 2013 cited in Termaat et al., 2014), and at the same time, the sense of community is seen as one of the primary reasons to join a different kind of coworking spaces (Hong Tan et al., 2021).

Collaboration in hubs also has a straight effect on scale-ups revenue. According to Vandor et al. (2019), "every additional step of community interaction by respondents representing an organization in its post-startup phase is associated with an increase of 9% in revenues." What is more, the collaboration also realized in improved service quality. However, according to Vandor et al. (2019), young companies do not enjoy significant benefits from collaboration. On the contrary, scale-ups with product-market-fit could focus on the most impactful or profitable types of collaboration.

Especially in the scale-up stage, support options become more limited (Logan, 2019). In this stage, peer-to-peer support networks become more critical. Shared working spaces could work as social clubs for entrepreneurs (Li, 2016). Facilitated collaboration benefits not only hub members but hub owners; collaborating members gave "more likely to recommend hub to others and are even more satisfied with the price of their membership" (Vandor et al., 2019)

Startup ecosystems consist of many more participants than just companies. "Government, universities, investors, mentors, service providers, and large companies play significant roles in the development of a startup ecosystem" (Feld, 2020). The startup ecosystem plays a relevant role in the performance of firms, especially in their initial stage (Monteiro, 2019), and its primary goal is to help its companies grow and succeed (Feld, 2020).

3.3.2 Physical spaces

The primary function of growth hubs is to provide office space (Chirchietti, 2017). Based on Hong Tan et al. (Hong Tan et al., 2021) study, shared facilities and the open space layout are significantly correlated with user satisfaction. These factors tend to increase the chances of communication and improve networks. The problems with open-concept offices usually relate to a lack of personal privacy, acoustic or visual disturbances. These have been shown to increase stress, distractions, and even conflict (Middlebrooks et al., 2014). The environment seems to play a huge role in space design when some need more relaxing spaces and some interaction with others.

As Feld (2020) impressed in his book: "Everyone wants to be downtown because that is where the action and the entrepreneurial density are." According to Termaat et al. (2014), inner-city and logistically attractive areas will emerge among startups. The role of the place and especially urban attributes are essential selection criteria for today's workforce (Li, 2016). For hubs, the commute and transportation facilities are expected to be important to offer. In addition to efficient public transportation, walkability is vital for Millennials (Li, 2016), who appreciate urban locations and cosmopolitan lifestyles. However, functional public transport will not always be enough to attract businesses outside urban areas to the suburbs (Repo, 2000).

Multifunctional buildings will solve the ever-changing demand for work environments (Termaat et al., 2014). According to Van Baalen et al. (2007) and Gensler (2008), the added value of physical workspace includes meeting others, sharing ideas and knowledge, and network with others. In addition, cultural and amenity factors have been found to have an impact on regional attractiveness (Lahtinen et al., 2016). Flexibility and customizability are mandatory for future workspace. Companies require a dynamic relationship between work processes, used tools, and the workspace creates an agile, ever-changing work environment (Mcgregor, 2000; Termaat et al., 2014). Millennials especially appreciate their individual workspace and collaboration with coworkers.

Based on the study by Olson (2002), acoustically private workspaces created higher job satisfaction and productivity, fostered better teamwork, more productive meetings in the workspace, and were involved in more useful informal interactions. In contrast, Hong Tan et al.

(2021) claim that privacy is not significantly correlated with user satisfaction. Furthermore, because all companies differ by team size, working habits, and needs, various types of spaces are needed to house various types of firms (Li, 2016).

“A better atmosphere, a more beautiful interior design, higher space functionality, more attractive opening hours and less noise” significantly increased the community interaction and valued users (Vandor et al., 2019). Furniture’s comfort is an important physical aspect of a hub to affect the aspects of the behavioral environment. Good office furniture improves productivity and impresses clients. According to Sankari (2019), spatial design solutions, rooms with imaginative decorations, bright colors, and cozy spaces enhance the inspiring atmosphere.

3.3.3 Services

In consideration of the service attributes, studies prove them to play an important role for some users to join growth hubs, particularly the start-up business (Hong Tan et al., 2021). Therefore, space operators should provide value-added services at an affordable price. Furthermore, according to Hong Tan et al. (2021), community and opportunities to interact in social events are critical selling points of co-working spaces.

According to Feld (2020), best service providers invest their time and energy to help scale-ups first for no charge, which will be rewarded with a long-term business relationship. Service providers who are in just for the money often turn not to be as helpful. The growth of serviced workspaces has transformed the users’ expectations towards a more comprehensive range of facilities and services (Mcgregor, 2000).

Services and premises should be available 24 hours a day, seven days a week, to suit global business across time zones (Mcgregor, 2000). What comes to management in general, “the best startup communities are loosely organized and consist of broad, evolving networks of people” (Feld, 2020). Chirchietti (2017) found that hub managers should work for their companies to market and brand them outside. Having companies in the spotlight would give value to the community and benefit the hub itself.

Different amenities, like workout facility, free coffee/tea available, on-site clinic, on-site day-care, and modern lounge, would be a deciding factor in someone choosing to work at a specific office (Ciarimboli et al., 2017).

Physical activity is an increasing service in workplaces since it improves health and important worksite outcomes (Conn et al., 2009). However, based on the previous study (Ciarimboli et al., 2017), employees might not want to share the same premises with their superiors but utilize on-site fitness discounts outside the office.

3.4 Finnish Growth Hub environment

The development of growth hubs is also affected by the surrounding environment. Finland has its own characteristics in comparison with the United States or Europe. To beginning, according to Baroudy et al. (2020), innovation hubs in Europe have not achieved the same concentration in terms of capital, knowledge, and talent compared to the US. However, the Northern countries, which Finland is part of, account for 50 percent of the European unicorns. While writing this study, Finland had eight unicorn companies (Mantyla, 2021). According to Bjerg (2019), 48 percent of Finnish scale-ups are located in the Helsinki region. Based on his survey, finding affordable and suitable offices is challenging for scale-ups.

3.4.1 Existing Growth Hubs located in the Helsinki Area

There are multiple different office operators located in the Helsinki Area. Some of them aim to create an active community from their members in addition to workspace leasing. The following list includes some of the existing communities and working premises targeting startups and SMEs.

- *AGrid* is a startup community and startup hub located on the Aalto University campus. AGid offers private office spaces, open working areas, meeting spots, and event venues.

- *Maria 01* is a non-profit combination of an entrepreneurial community and a selection-based campus located in Helsinki downtown. Maria 01 is targeted to early-stage

startup teams to work alongside venture capitalists, corporations, and other startup organizations. Members can choose flex desk, fixed desk, or private office. Maria01 is co-owned by the City of Helsinki (34%), Startup Foundation (33%), and Helsinki Enterprise Agency (33%).

- *Mothership of Work (MOW)* is a community-driven workspace in downtown Helsinki. Members can choose private offices, fixed desks, hot desks, or night desks. Meeting rooms, post services, events, and community activities are part of the membership. MOW is owned by real estate investment company Sponda.

- *Spaces* has a few locations in Helsinki. Spaces offer office space, co-working membership, dedicated desks, virtual offices, and ad-hoc meeting rooms. Spaces is an international player owned by real estate investment company Regus.

- *UMA workspace* offers shared workspace and service solutions for companies in three different locations in the Helsinki area. Members can choose flex desks or private rooms and get to use meeting rooms for an extra charge. UMA is owned by YIT.

- *VillageWorks* offers flexible workspaces and coworking in Helsinki, Espoo, and Vantaa. Membership options include virtual office, part-time timeshare office, private office, and coworking. VillageWorks aims to build a community of diverse professionals.

- *Wonderland Work* is a coworking space designed for creative work, aiming to be a vibrant community of professionals and events. It offers private and virtual offices, flex desks and fixed seats, year membership, and day passes.

- *Workery+* is a new business premises concept between traditional office rental and coworking spaces. It offers private offices and flex spaces, meeting rooms, and additional services like a gym, a shared car, and a fully equipped streaming studio. Workery+ is owned by YIT.

4 Methodology

4.1 Research Approach

A strong presence in the startup ecosystem has raised the question of how we could support our startup ventures even more and help them, especially during the scale-up stage. While previous startup studies cover different financing models and accelerator programs, the effect of office has not received much attention in academia. Capital cities build and support innovation districts, while the office rental industry is aged and not purpose-built for fast-growing businesses. Existing startup campuses are designed for early-stage startups, while later-stage scale-ups need to compromise with poorly suitable office options. The objective of the study is to understand scale-up office needs and find the most coherent solution for a scale-up-first growth hub. To understand this phenomenon, qualitative research was chosen for discovering the scale-ups needs and developing a theory based on those findings. (Flick, 2009)

Inductive study research is normally based on prior academic results. However, existing research around the studied topic was limited. In academia, growth hubs and scale-ups are studied separately, but the growth hub supporting scale-ups have not been examined closely, presenting a research cap. Based on this research gap, an inductive approach was chosen to better understand the phenomenon. In this study, the theory is built from the collected data instead of starting from the existing theory and testing it. Here, the inductive approach is especially suitable for developing new concepts (Flick, 2018) and researching new topics (Eisenhardt, 1989).

Normally, results from previous studies are used as a starting ground for the data collection and analysis, but – due to a limited number of results – there was not enough content to build a hypothesis to test. Based on this starting point, a qualitative study with an inductive approach is a suitable and justified choice for methodology when building a new theory of the topic.

4.2 Literature review

To be able to understand a specific phenomenon, develop a theory, and build on previous academic literature, it is necessary to understand the topic and the surrounding context also from a theoretical point of view. The existing literature gave a base understanding of fundamental characteristics of scale-ups, what challenges they usually are facing and what factors boost their development. Furthermore, more importantly, why this particular growth stage is worthy of studying in the first place. In addition to this, previous workplace research gives an idea of traditional ways of working. Corporate real estate literature provides a general understanding of office context and how offices affect companies' performance.

To find relevant literature, systematic research was conducted using several established source collections, including Aalto Primo, Google Scholar, and ProQuest. The search was performed with multiple different keywords, and the first twenty results were examined briefly. First, articles were evaluated based on title, the publisher, times cited, and abstract. Then, the most relevant articles were chosen for closer examination. In addition to finding new relevant articles, the references of the found articles were also reviewed. This was done until the iterative process reached a saturation point where additional literature no longer added important information about the topic under study.

4.3 Data Collection

After the preliminary literature review, primary data were collected through semi-structured interviews. Since this study aims to understand a specific phenomenon thoroughly in order to form a theory, purposeful sampling was the most practical method for collecting data. The reason to use this method is to identify and select informants who are most knowledgeable about the studied phenomenon, can communicate their knowledge articulately, and are willing to participate (Palinkas et al., 2015).

The primary data source was twelve scale-up stage companies from the Helsinki area. Selected scale-up companies had their office at the existing startup hub, or they have used to have their office there before growing out of the premises. To avoid one location bias, scale-ups without hub relation were also interviewed. In total, twelve interviews were conducted

between June and August 2021. After the findings of the interviews conducted started to repeat themselves, a sufficient total amount of interviews was obtained.

Scale-up companies were selected by considering factors such as the number of employees, the existing and past locations, annual turnover, and average annualized growth in the number of employees. These guidelines are based on previous literature. The sampling was made by first selecting predetermined criteria and then identifying and selecting all companies that met these criteria:

1) The company has at least ten employees and average annualized growth in the number of employees greater than 20%

2) The annual turnover is more than one million, and the company had a proven product-market fit and business model

3) The company aims to continue its development and expand its market internationally

Previous connections to the startup scene helped to connect possible interviewees. As a result, most of the scale-up companies approached were willing to participate in the study. All interviewees were given a chance to meet in person or online. However, most interviews were done with video meetings using the Zoom application due to the easiness and pandemic situation. After the interviews, many interviewees showed interest in the study and its results, indicating the topic's relevance.

The primary data was collected in semi-structured interviews. This structure was chosen to lead the discussion in a predetermined direction while leaving space for additional questions, open discussion, and new findings. Thus, even the quite relaxed and informal implementation, semi-structured interviews can give systematic and comprehensive data to a moderate extent. Additionally, interviewees can further explain their answers, adding significance and details to the obtained data, and also take the discussion to areas that the interviewer had not prepared (Saunders et al., 2009).

Most of the literature review was gone through before data collection to give guidance for semi-structured questions. Used questions were collected to an interview guide (Appendix

A) and aimed to address research questions. Some questions were updated after the first few interviews based on newly discovered phenomenon. Due to the style of semi-structured discussion, the order of the questions and precise wording changed from one interview to another. However, the themes discussed remain consistent. Most of the interviews were conducted in video meetings, although all interviewees could choose either physical or online interviews. The language used for the interview could be either English or Finnish, depending on which the interviewee was more comfortable with. The targeted length of interviews was 30 to 60 minutes.

Most of the interviewees were founders or co-founders, and the rest were at least early-stage employees representing the company on behalf of the founders. These representatives of the scale-up companies were selected based on their position at the firm: they are often involved in office decisions at this stage and have gained an understanding of the company's practices and history. All interviews are anonymous to foster trust and maximize the richness of interviewees' answers. Hence, interview numbers are used when interviewees are quoted. Profiles of interviewees are shown in Table 5 below.

Table 5. Description of the Research Sample

Code	Role	Hub relation	Length (min)	No. of employees in the office
Interviewee 1	Founder	used to be	28	24
Interviewee 2	Founder	current	33	12
Interviewee 3	Co-founder	current	40	10
Interviewee 4	Marketing & Comm.	used to be	61	70
Interviewee 5	Co-founder	used to be	54	35
Interviewee 6	Founder	no	38	33
Interviewee 7	Founder	no	33	35
Interviewee 8	Founder	current	52	50
Interviewee 9	Co-founder	used to be	33	75
Interviewee 10	Engineering Lead	no	49	150
Interviewee 11	Co-founder	current	48	62
Interviewee 12	Co-founder	no	39	75

All interviews were recorded with the permission of the interviewees, and recordings were transcribed into text. The profiles include the role of the representative interviewed, scale-up company's relation to hubs (currently located in hub, used to be in the hub and not located in the hub), the length of the interview, and a current number of employees in the Helsinki based office.

4.4 Data Analysis

Analyzing process happened after the data collection, which allowed iterations along the collection process, typical for inductive research. The data analysis was carried out by following the Gioia methodology introduced by Gioia, Corley, & Hamilton (2013). For example, after the first two interviews, the questions were moderately refined and developed.

After the interviews, all twelve interviews were transcribed to text and added to ATLAS.ti software. At the beginning of the analysis, all transcribed texts were read thoroughly to become familiar with the data. After preliminary explorations, the actual analysis started with open coding to find all relevant information from transcripts (Corbin & Strauss, 2014). In the "first-order" coding, all relevant information was coded without focusing too much on the number of codes or categories. The number of first-order categories increased close to 150. After that, differences and similarities among these categories were sought after, eventually transforming to 112 first-order categories. After this, the abstraction level was increased by looking for a deeper structure in the first-order concepts.

After the first-order coding, more abstract 2nd-order themes were created to explain the studied phenomenon more holistically. At this point of analysis, first-order terms, second-order themes, and aggregate dimensions were built into the data structure, presented in Figure 6. Data structure provided visual assistance and demonstrated the progress from raw data to themes and aggregate dimensions, showing the qualitative rigor (Gioia et al., 2013). The literature review process and interviews were rather simultaneous than sequential, which helps to avoid confirmation bias. According to Gioia et al. (2013), semi-ignorance of the literature is considered to help not ending up with prior hypothesis bias in the early phases of the study.

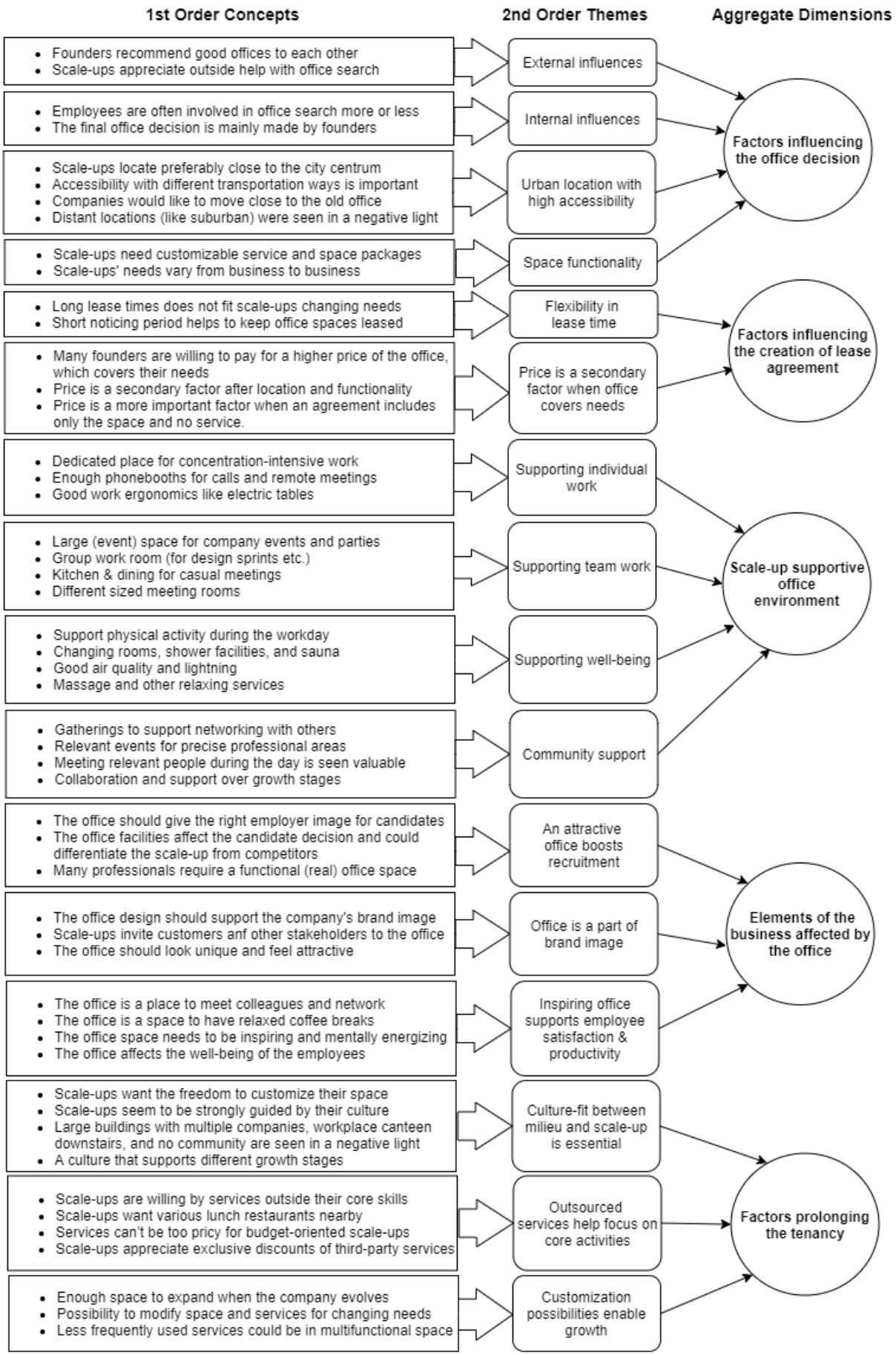

Figure 6. Data Structure

Figure 6:

4.5 Reliability and Validity of Research Results

Ensuring and assessing the reliability and validity of qualitative research is often problematic (Gibbert et al., 2008; Yin, 2003). Assessing the reliability of study findings requires researchers to use certain tests, and four of these are presented by Yin (2003). These four test; construct validity, internal validity, external validity, and reliability are applicable for inductive studies to examine their reliability and validity.

Firstly, to ensure the construct validity, Yin (2003) describes two steps: "Select the specific types of changes that are to be studied (and relate them to the original objectives of the study) and demonstrate that the selected measures of these changes do indeed reflect the specific types of change that have been selected." In addition to this, this study followed three tactics, which Yin (2003) proposes for an inductive study: use multiple sources, establish a chain of evidence, and have informants review a draft of the results. All twelve interviews were conducted separately. Using the Gioia method (Gioia et al., 2013) helped achieve qualitative rigor and the chain of evidence. In addition, the 2nd-order themes were sent to two of the interviewees to get feedback for iteration.

Internal validity takes into account the causal relationships, for example, how certain conditions lead to other conditions. This is more relevant for explanatory or causal studies than exploratory studies (Yin, 2003). In this research, a conceptual leap is required to be able to show dynamic interrelationships from the static data structure and form a grounded model (Gioia et al., 2013). In addition, Eisenhardt (1989) mentions, developing a theory to existing literature increases the internal validity of the study, which is done in the discussion chapter.

To increase external validity, findings should be generalizable to other domains outside the study's focus (Yin, 2003). Since the study only considers scale-up stage companies from the Helsinki area, the applicability to areas outside or different stages cannot be guaranteed. Some of the findings in most vital factors could be generalizable due to frequency and lack of exceptions. However, it could be argued that this study contributes to the creation of new academic results in previously less-studied scale-up office relations.

Reliability considers the reproducibility of the study, meaning that the afterward conducted the same study would provide the same results (Yin, 2003). According to Saunders et al.

(2009), threats for reliability are participant error, participant bias, observer error, and observer bias. To reduce participant error, interviews were primarily conducted in similar circumstances timely close to each other. Participant bias was minimized by interviewing mostly founders and top management, so they were involved in decisions and did not need to worry about what they could say (no managers above them). Observer errors were reduced using semi-structured questions, however, the questions changed slightly during the process, which is typical for the format. Lastly, using the Gioia method and qualitative rigor to create a transparently in the data structure from the 1st-order codes minimized the observer bias.

4.6 Research Ethics

All interviewees were contacted via email, which included the subject of research and main purposes of the study, contact information of researcher, notice that data will be pseudonymized, and the interviewee may withdraw from the use of the data before publication. Participating in the research was voluntary. At the beginning of the interview, permission to record was requested. The interview started with an introduction to the topic and structure of the interview, leaving space for the interviewee to follow any questions they had in mind. Online meetings were conducted via the secure connection provided by the university. The data were treated confidentially, and original recordings will be deleted when the final result is completed.

During the analyzing process, the interview data was pseudonymized, and the interviewee had a right to withdraw from the use of the data before publication. Reporting the results anonymously helped build trust between the researcher and the interviewees. Due to this, the interviewer and the interviewee could also discuss negative experiences and deepen into the topic. Principles of being honest and accurate were guiding the process, which also ensures integrity. Methods for data collection, analysis, and conclusions were selected to foster academic objectivity and reliability.

5 Findings

In this chapter, the results from the data analysis of the interview data are presented. First, we focus on factors influencing the office decision. After that, we go through factors influencing the creation of lease agreements and what creates a scale-up supportive office environment. Finally, scale-up factors affected by the office are presented and factors prolonging the tenancy. The results and their meaning are further discussed in chapter six.

5.1 Factors influencing the office decision

5.1.1 Internal and external people affect office searching and decision process

Changing the office is often extra work for companies. However, it is difficult to avoid. The founders interviewed had either a light process or no pre-conceived process at all for office search. In some cases, scale-ups had outsourced the searching part as much as they could. Employees were involved to ensure the satisfying outcome, albeit the final decision was made by founders or top management.

5.1.1.1 The office searching process is rarely organized

Only a few founders interviewed mentioned they recognize an actual process when selecting the new office. Often scale-ups had just ended up to locations due to pushing needs, like cramped space. The existing approach in office space research sounded like finding a new apartment: opening the internet browser and searching listings of empty spaces. Some involved the whole team, and others gave the job to one individual from the team. The searching process also seems to develop along with the team size, as one of the interviewees explained:

> In the past, we have been done in practice so that someone has had that responsibility to find a new office, and he is then gone to cover them up and discuss prices. And then this group of our founders is wondering what a good solution is. [...] How would we now make the choice of office, so now we already have an HR department that would be given practical specs about the price and size, and

> the HR department would then search it and present it to the board and us (Interviewee 5).

Employees are often involved in the process one way or another. The involving processes were often light, including, for example, a questionnaire of location preferences and what kind of premises they value as a workplace. However, one of the scale-ups interviewed had a more detailed survey, including the need for a sauna, chin-up bar, bike station, and other specific needs. While the team grows, the casual chatting and next location planning change to more organized surveys. The more significant the change, the more employees seemed to be involved, as one of the founders explained:

> Now that the location has not been changed, there has not been a terrible need to involve the team in, but if even moving to a different neighborhood, then it is definitely a more extensive discussion. (Interviewee 2)

> And well then, if you think about location otherwise, then we've always chosen them based on what people have wanted in a certain way. (Interviewee 10)

Deviating from the general way, one founder said they mostly outsourced the whole office search and designing. Instead, they trusted professionals to find the most optimal solution based on their needs while running a business. Several founders praised the help office agencies, who helped in the search process. Team and founders are often busy scaling their business operations, and all help with additional processes is welcome. What is more, scale-ups are hardly specialists in matters relating to business premises.

> It is also one thing. If you have to start a terribly extensive and lengthy process, the startup founder and co-founder really have a few other things on their mind than that office. In a way, I am really pleased not to have had to think about an office matter in four years. (Interviewee 8)

> Nor do we have the resources of this size to have our own project manager, but people have to tear up their own working hours for such a project. They also aroused quite a lot of confidence, understanding our hopes and our challenges with contracts and more (Interviewee 11).

5.1.1.2 The final decision is made by the founders

Based on the interviews, the final office decision is mainly made by founders. The founder is often the most influential from the teams of a few dozen people. The essential player in the office decision process for the more established scale-ups is top management, including founders, chief financial officer, head of people, or HR. Depending on scale-up culture, founders could say the final word also in the later-stage scale-ups. When the company grows, the decisions are not only in the hands of founders. Most likely, the board is involved, at least to give an opinion and their blessing to potential option:

> CEO or Board of Directors. Maybe an acknowledgment is sought only from the board, or else the CEO decides. But yes, we pretty much listen to everyone. It's not ideal for making hidden decisions that way. (Interviewee 9)

Why should founders then be involved in office decisions and not let the HR or others do it for the team? One would argue that founders have a lot more else to do than haunting the suitable office locations. Office selection is a very strategic decision that affects multiple different productivity areas and company culture. As one of the interviewees explained:

> Practically yeah, the three [founders] of us for sure. And that's because it's a surprisingly strategic thing and one that affects [company] culture ... It may sound suddenly strange that entrepreneurs are making decisions like this, but I feel it's a pretty big decision in the end - that where our office is and what it is like. Because that, uh ... affects so much the spirit and culture, and what kind of place to work are we. And for the amenity of the group and so on. (Interviewee 6)

Even if the decision is essential, too slow a decision process could also backfire. For example, one founder interviewed said they lost a few optimal office spaces due to too slow reacting. On the other hand, finding suitable office space might take some time and force companies to stay in sub-optimal spaces.

> We had just too many employees in a tiny office. Nevertheless, we did not find the right office to move to. So, we stayed in it then and visited pretty many offices before founding the right one. (Interviewee 7)

5.1.2 Scale-ups prefer an urban location close to traffic hubs

All interviewees mentioned the physical location is one of the main factors when selecting the office. Accessibility was highlighted, meaning different transportation ways (public transport, biking, walking, or cars) depending on the company. The most common transportation way was public transport. Then again, cars shared opinions. Some company's employees needed a car for their work, so there was a need for parking spaces close to the office. On the other hand, some founders encouraged their employees to avoid private cars in the commute altogether and encouraged other forms of movement.

> You should get there by car [...] it's always bad for an out-of-town person if you just get there by car and then sit in a traffic jam. (Interview 9)

> They [parking spaces] have no value. We encourage now and will encourage people to use something other than their own car. (Interviewee 7)

Most of the interviewees prefer to be close to the city centrum but would avoid the most expensive streets and parts of the city. For one company, reducing ten minutes' walking distance from traffic hubs to two minutes was a big deal when moving the office.

> Yes, there are definitely two main things, and if the price is not included, then it is a location or accessibility because we have a lot of cyclists. We have a lot from Espoo, and we have a lot from Vantaa, we have from the west we have access to public transport from the east. Of course, at some extent, partners plus others, so you are not quite far away location. And otherwise, that accessibility is the number one after the price. (Interviewee 1)

The first decision of office location has a vast effect also the future locations. Companies tend to move very close to the old office since the existing employees are probably located

optimally by the old location. Other factors related to the location were a familiar place, proximity to the university, street-level locations, and production facilities.

> Companies switch within a fairly small area because the already recruited employees have moved so that there are good connections to the office you have at that point. And then whoever comes in, often for those interviewed in a job interview, location is important and how optimal it is for their place. Therefore, I do not think that significant changes will be made in any larger companies, for example, the office would be moved even ten kilometers away. (Interviewee 5)

> Presumably, as close to the present as possible is good because the gang has come to work for us knowing where we are. And it has been fine for them. (Interviewee 6)

While many founders interviewed defined location as one significant factor, distant locations were often highlighted as a negative factor. For example, scale-ups wanted to be located next to the Helsinki centrum, but not in the most expensive areas. All founders underlined the easy accessibility from public transport hubs. Not even more affordable prices would attract them to move farther. As several of the founders agreed:

> Probably the biggest thing is the location in the sense that we certainly wouldn't get anywhere in Vantaa, but otherwise, I don't think any of those qualities are particularly affected now. (Interviewee 2)

> It would be really hard for me to see that we were somewhere in Vantaa or somewhere further away. I'm not saying it would be right in the heart of Helsinki, but Otaniemi would feel a little strange to us. (Interviewee 8)

> In my opinion, with regard to the current business premises, we thought that it could have been cheaper from one direction in Espoo, but it was stated that it is only logistically so difficult. However, now that we are in Ruoholahti, we can easily get there by train, and then by metro to the place, or by tram. In this way, it is now logistically much easier than then to be somewhere further away. (Interviewee 9)

5.1.3 Scale-up's needs vary from business to business

In addition to the above, scale-ups have many different individual needs. The driving search criteria were often the space size and the area where the following office should be located, followed by more detailed specs like roof height, lightning, air-conditioning, and space design. Some of them related to company culture, like shoeless office, which would lead to the need for wall-to-wall carpeting. Other factors were related to office structures, like adequate office lighting and roof height. Although lightning could be created artificially with lamps, scale-ups valued natural light. As two of the founders put it:

> Of course, natural light, [...], whatever the height of the space, lighting, ventilation, all such things are essential. (Interviewee 11)

> And the wall-to-wall carpeting, so we can stroll around without shoes, makes us feel homely. (Interviewee 6)

Needs could also relate to the company values. As an example, one founder underlined the smart energy solutions to be in line with their values:

> It would be more of a plus if the office had smart energy solutions or even solar power. It would fit in with all our other green thinking, practices, and values. (Interviewee 6)

Intelligent access solutions were valued by scale-ups, especially those working with sensitive issues but still meeting clients. One founder pointed it as an essential factor:

> Another particularly important factor in the most recent facilities was the division of the space even more clearly into which space is accessible to outsiders and which space is accessed by employees. (Interviewee 12)

5.2 Factors influencing the creation of lease agreement

5.2.1 Flexibility in lease time is important for scale-ups

Earlier, the fast and surely uncertain startup growth style could be seen as a new phenomenon in the business landscape. Today, startups have become established as a normal part of the business field. However, based on multiple interviewees' experience, the slow old office industry has not been able to innovate and provide the necessary solutions for this customer space yet. For example, existing contract clauses and long lease times does not fit scale-ups changing needs:

> The agreement technics are challenging for startup companies, especially in this stage. Some companies can easily make agreements from 4 to 5 years, but we are not able to make such an agreement. (Interviewee 11)

> Yeah, contract issues. Moreover, I guess it is a bit based on the fact that you don't always have an estimate of how fast you grow, then we've grown a little faster. It makes it really difficult that we can't predict anything practically. Plus, when you don't want to shoot over, because then if you shoot over, it becomes really expensive. [...] But you don't make contracts that are then really rigid. That might be the point in it, you should have contract models that would suit fast-growing companies. Of course, the owners and landlords of the properties and premises are, of course, on different sides of the negotiating table. They also do not intentionally want to restrict the Finnish business field. It was like a supporting part of it and not restrictive. Current models for contracting do not fit terribly well for fast-growing growth companies. (Interviewee 10)

A short termination period seems not only be valuable for scale-ups but property owners. Founders are inclined to share the top destinations; they inform others when the company leaves or grows out of a good office. Good location and short noticing period market itself among companies and ensure high filling capacity. One could even argue that easily terminated leases benefit property owners.

There were short notice periods. That is, when a deal was made on the rent, the lease was a one-month notice period. And this is the reason why a lot of startups have gone there. Founders also talk to each other. As soon as they leave or grow out of there, they inform others. And I think it's funny. They've done this kind of thing that you have a short notice period - and because of that, the office is always rented. You will always find the next one because there are very few such facilities in such good places. (Interviewee 10)

In addition, Maria 01 then and probably continues to offer truly flexible agreements for these tenant relationships. They are genuinely understanding. In a way, these would have been. If it had gone wrong or had a worse cash register, then we would have gotten out of this as well. The process involves not creating any unnecessary risks for the company with their leases [...] it was a pretty risk-free option actually to come here. (Interviewee 11)

At this point, it is not yet really possible to commit to any true long-term rental opener. That is actually perhaps the main reason why we have been to Maria 01 now. (Interviewee 2)

5.2.2 Scale-ups are willing to pay for office that covers needs

Many founders were willing to pay for a higher price of the office, which covers their needs. Thus, finding a good office is balanced with positive factors and costs. Many founders believed that the price would not become a deal-breaker in the Helsinki area. However, even the price matters as a part of the decision, scale-up's needs drive the office search.

In my view, there is not so much difference in those prices between the various office hotels and these outlets that it would ultimately be of great importance. [...] For a good location, we are happy to pay some. (Interviewee 3)

[The price affects] not really at all. There is not such an expensive office space here that we would not take it for that reason. However, renting an office is such a small part of the total cost that we hardly even think about that price. (Interviewee 5)

> [The price] is an impressive factor and will definitely go in the top three. If you said fast top three, it would be usability/comfort, location, and price. (Interviewee 12)

Although other factors drive the office decision for most, some scale-ups are prudent about it. Scale-ups are more precise of the price when premises does not offer anything extra but is just an office space. As two of the founders described:

> And of course, the price. The price has been one driver for us that we've been prudent about. (Interviewee 7)

> That price controls a lot of that when it's just business premises. [...] I think that price guides it to a reasonable degree. It is a combination of that location and that price. (Interviewee 9)

Even if the price follows usability and suitable location, it plays a significant role in the process. Scale-ups are hardly willing to take overpriced deals. However, being too thrifty might be a wrong decision in the long run. As one of the founders explained:

> Yes, we are willing to pay for a comfortable space that serves our needs, and there is good ventilation, and things work. Versus that you go to a ten percent cheaper space that doesn't serve your needs at all, or a 50 percent cheaper space, and everyone hates it. It is a balance of what you are comfortable with, so we will have to pay the market price plus our negotiation margin. (Interviewee 10)

5.3 Scale-up supportive office environment

The main question of this research is related not only to scale-up's office decision but how growth hubs could serve scale-ups efficiently. Therefore, the following findings are related especially to how scale-ups are used to work. With this knowledge, we can form an understanding of where growth hub and scale-up integration exist. The chapter is divided to individual work, teamwork, well-being, and community support.

5.3.1 Supporting individual work

5.3.1.1 Dedicated place for concentration-intensive work

Office space should be suitable for many ways of working, also for quiet and focused work. People often have individual desires for the best working environment, and a good employer can regard different needs. For example, open-concept space often has challenges offering enough peaceful working space for those easily disrupted by noise.

> Yes, those office requirements are related to how you can work there, which means peace to work, the internet connection works, and so on. That the main thing is to do the work. (Interviewee 3)

> Nice places to do work, for example, people who want to do quiet work and want peace, we can provide it. And there's no need to strain anyone in noisy or active places who don't like it at all. (Interviewee 11)

> A soundproofed space was built on sharing concentration-intensive work versus collaboration and sales work. (Interviewee 12)

Disruptions could also come outside the company. This might be a problem, especially in shared office spaces, which people can access outside the company. Within its limitations, visibility to the outside may be good, but everything has its limits. As one founder described their experience:

> And more peaceful that there are no tourist groups trotting there all the time, to whom must pitch [company] all the time. For example, a foreign TV company asks, "hey could you tell me a little about [the company]". It's fun for a year or two, but after that, it starts to be a little stressful. (Interviewee 1)

5.3.1.2 Soundproof office pods for individual meetings

Two out of three scale-ups interviewed mentioned soundproof office pods (or in colloquial phone booths) as a part of needed facilities. Companies without them had issues with large

meeting rooms reserved only for one person taking remote meetings or calls, which is a poor use of resources. One solution is also to offer smaller meeting rooms, which could also be used for one-on-one meetings.

> There could always be more soundproof office pods and meeting rooms because they are often full at the same time. And it's a little funny that one person comes here to talk a call when it can accommodate 14 people. And in the middle of a call, it is hard to bother that we have a bigger group that needs space. (Interviewee 4)

> There must be enough soundproof office pods or meeting rooms or rooms where you can jump on the phone. That is, no calls would be taken in the actual workspace. It has been our habit until now because it otherwise bothers the whole group surprisingly much. (Interviewee 6)

> Soundproof office pods have not been acquired at the moment, as they have not yet been seen as necessary. But in this renovation, we have now made the space a little more flexible. It can then be modified as you see how things are done in the future. (Interviewee 9)

5.3.1.3 Scale-up support individuals work ergonomics

One part of well-being is to create and maintain a healthy working environment. Scale-ups mentioned to have electric tables, gymnastic balls, and even chiropractor appointments to support their team. Two founders explained their efforts regarding work ergonomics:

> In addition, of course, electric desks for everyone, large and high-quality screens. People have also been supported in various ways. If someone has wanted a saddle chair or a standing mat or a special mouse or something like that, then efforts have been made to provide these benefits. Whatever so-called unique needs for work ergonomics might be. (Interviewee 12)

> We offer a maximum packet of health, including work sessions that facilitate work and everyday life. You can book a chiropractor who teaches sitting better and thus. (Interviewee 1)

5.3.2 Supporting teamwork

5.3.2.1 Large event space for bigger gatherings

Larger space for in-house events, customer days, demos, and more would be beneficial from a scale-up point of view. For example, many scale-ups had weekly meetings for the whole company, held in one big room.

> Upstairs we have a giant 40-person meeting room that can be rented. We are being held sales' customer events there. And Maria 01 had it ... it was good there, there was a big space with proper technology, and we held a lot of events there (Interviewee 4).

Event space should not be an auditorium or classroom but a more multipurpose space with presentation technology. First and foremost, event space should be easily accessible and potentially include the services. Like one interviewee explained:

> It's a pretty big plus that being able to organize both the staff [...] and also all kinds of meetups were held for customers and potential employees there [...] [Event space rent] isn't a big investment right now, but maybe it has some sort of threshold to still use that space when it has to reserve and retrieve a key from somewhere else, and then you can't get there so easily. While elsewhere, you can just walk by and show your colleague that this place is bookable anytime from the system. (Interviewee 4)

Event space could be shared with other companies. Like one founder explained:

> In the past, we were able to fit in our own office, for example, to celebrate Christmas parties and the like - where friends and better halves were also invited. That, too, is one of the selection criteria for an office that can have a party. But

> if you can't fit in your own office, then you must have smart facilities for it somehow easily accessible. (Interviewee 6)

5.3.2.2 Groupwork & team spaces

Companies have already formed different teams at the scale-up stage like sales, development, marketing, and customer success. A lack of functional rooms for team and group work has been why some interviewed scale-ups started searching for a new office space. Logically offices are structured for different-sized teams. As one of the founders described:

> And what really stands out in these offices is, in my opinion, that there should be as many meeting places as possible for 2 to 4 people where one-on-ones or meetings and workshops with two, three, four or five people can be held in peace. The number of these should be maximized (Interviewee 8)

Teams vary not only by size but how the work is done and how much noise it generates. Approximately half of the scale-ups interviewed had chosen an open-space concept to improve occasional encounters and team spirit and had shared the space in different team sections. Some scale-ups have solved this with team-sized rooms.

> In the office base, we are designed to sit in teams. If necessary, teams can get a little isolated from their own work areas and discuss in peace that not everyone is talking in an open office, disturbing others. [...] An entire open-space office does not work properly for us. (Interviewee 9)

> Normally open-space office, but no large halls. Meaning, there are no partition walls all around, but at the same time, there are enough quiet working areas. (Interviewee 10)

Many interviewees mentioned rooms for group work, which could be reserved for a certain period of time, like one iteration or planning cycle. The groupwork room is customizable to support the desired processes and support work even all day without outside interference. As two founders explained:

> We have a few project spaces which you can take over and put the walls full of designs [...] That is a project space that can be taken over for a couple of weeks. (Interviewee 10)
>
> We also have a six-person design team, so it also requires facilities where design work can be done. Free whiteboard space, space to draw, talk, and brainstorm. (Interviewee 11)

5.3.2.3 Different sized meeting rooms

Meeting rooms, lots of them, in different sizes and equipping, are must-have facilities in scale-ups' offices. Most of the work time is used in different meetings, online and on the premises, with different amounts of people. Founders interviewed had a perception that meeting rooms are often booked or used inefficiently, primarily because of too few or wrong-sized meeting rooms. Here are a few example quotes from them:

> There must be enough meeting rooms for all teams to have their meetings. We also have many meetings with journalists, and I have with investors and so ... It just must work. (Interviewee 6)

> Lots of meeting rooms of different sizes with a high-quality video conference system in them. (Interviewee 10)

> We also have a lot of customer service, phone calls, internal meetings, and some are remote, some are not. It has, of course, increased the number of video conferences, so we are looking for more smaller meeting spaces in the future. (Interviewee 11)

5.3.2.4 Kitchen & dining to bring people together

Based on the interviews, the kitchen is seen as essential for building a work communality. It is one of the places where people get together, and extra encounters occur. For many scale-ups, having a proper kitchen has been a positive upgrade from previous office locations.

> We always have team lunch on Fridays, which requires a bigger dining room. (Interviewee 4)

> [After moving] many things got better. For example, we got a decent kitchen. In the previous office, we only had a sink where we were able to wash our hands and be able to take coffee water. In addition to which we had our own refrigerators and appliances brought by ourselves. But there was no actual sink, dishwasher, kitchen cabinets, as all of this was kind of missing. (Interviewee 6)

Having a separate kitchen and dining table located away from working areas would make a difference. However, if the kitchen is too integrated into the office, it might disturb others working. As one interviewee commented:

> [In the past] our kitchen and dining table were two meters away from people working. And that led to no one wanting to eat at the dining table together. Then, however, they always ate at the dining table that annoyed those working next door. So, we are happy when the kitchen here is clearly separated, and the dining table is still completely separate. (Interviewee 4)

5.3.3 Supporting wellbeing

Taking care of scale-ups most valuable assets, its people, is something companies are taking closely into consideration. Many founders gave credence to gym and fitness premises but also offered external services for the team. One of these wellbeing services could be a massage. As two of the founders described:

> We have had massages, [...] work psychologist visits and the like, and all sorts of sessions for more accessible work and everyday facilitation. A chiropractor can be booked who will teach you to sit better and thus. Some padel shifts we had been paid, if there have been enough participants. (Interviewee 1)

> It would probably be used if a massage was offered. I believe that people do use different wellness services. And, as I said earlier, I believe that these are what the offices should be investing in. For example, high-quality and big gym. Or

other exercise services, yoga classes, or whatever. I remember that some offices had massager. I think it would be used even if it cost. (Interviewee 8)

5.3.3.1 A space for physical activity

Physical activity in all its forms seems to be part of scale-ups wellbeing. Many scale-ups have formed their sport or wellbeing clubs. Physical fitness, office gym, and yoga studio came up when discussing space needs. Furthermore, the need for them was seen increasing, as one of the founders said:

> Anything like the office gym or whatever [physical activity spaces] will be even more important. (Interviewee 1)

> Quite a many [people] would be happy if there would be a gym in the office. I think it would delight quite a many [...] what the gang would probably want and use really actively. (Interviewee 7)

> If there were enough quality fitness facilities, then that would be pretty clear [that we would be interested]. And we would definitely be interested in the low-cost memberships offered on campus, such as a swimming hall membership for half the price for the entire staff or something similar. (Interviewee 1)

5.3.3.2 Showers & sauna for enabling activities

Changing rooms and showers are even obligatory elements for some scale-ups. These facilities support biking or running to work and make physical activities possible in the middle of the workday. Only three interviewees mentioned showers in the interviews. However, almost all pointed out either sauna or gym possibility, where showers could be seen as part of. Those who had, or wish to have, these services saw them increasing employees' wellbeing and contentment. As two founders described:

> Of course, sauna facilities and gyms are a plus, they are a nice addition, for example, in this current [office]. Not necessities, but if there are equally strong

> [office options], then, of course, it looks at what other features this office has. (Interviewee 9)

> If someone wants to rhythmic their day even by going to the gym or walking in the middle of the workday or whatever, then there are just continuous shower and sauna opportunities. [...] The office now has exercise facilities available for precise times and for booking a gym, indoor pool, and private sauna. (Interviewee 12)

One founder also mentioned a shared pool opportunity would serve scale-ups, however, another founder mentioned it would be too much.

5.3.3.3 Functionable air-condition & natural lightning

Several founders brought out the importance of good ventilation and office air condition. For example, older buildings and buildings primarily built for residential use had had problems with suitable air condition.

> If there is no air, if it's too hot, if it's too cold, and it's really uncomfortable to be in the office, then it's hard to get anything productive done. (Interviewee 3)

> It was quite pointlessly hot in the summer. [...] It was such that I didn't want to be there in the summer. But if you have a little old building, natural ventilation, then those spaces will be pretty warm. (Interviewee 5)

Lightning, and particularly natural lightning, was seen as a vital office feature. Interviewees either highlighted the good light of the current office or the desire for more light:

> And at the same time, a little bit of natural light comes in from the windows. It's important for the gang. We always have the blinds open because the office is on the top floor. (Interviewee 10)

> Well, the current office is a bit kind of basement-like. There [could be] big skylights; you certainly could have a little more daylight or natural light. (Interviewee 7)

5.3.4 Community support

5.3.4.1 The ecosystem should create altruistic value for its entities

One of the key elements that differentiate a growth hub from other office options is the ecosystem around it. The fundamental part of having an ecosystem is creating altruistic value for its entities. As one founder described ecosystem relation to hub:

> At least the good side in Maria 01 is that it's a neutral party, which means that you are not only promoting someone else's interest, but there is a Startup Foundation's joint venture with the City of Helsinki in the background. So it is explicitly building this ecosystem and not just netting with those premises. (Interviewee 2)

The ecosystem may include a different pool of actors depending on the viewpoint. One clear part is still companies, but what company stages ecosystem should include? The founder interviewed believed that collaboration between different stages could be beneficial for all parties:

> I see that it would be beneficial if there were companies at different stages here. Early-stage companies would benefit from companies of our size and slightly larger. [...] I think that if the whole spectrum, from pre-seed to unicorn, it would create even more value [...] and it would benefit the ecosystem. (Interviewee 8)

What about investors, then? Founders interviewed saw no increased benefit for investors' presence. They argued that companies at their stage already have investor contacts, and it is not location-dependent. The most value of investor presence was seen for early-stage and first-time founders to reduce mysticism around investing. As two founders described their relations with investors:

> For many first-time founders, the whole Venture Capital field feels a bit exotic for sure. In my opinion, it is good for them, as it is good for all parties, that in a way all the mystique around it is removed because it is not special after all. (Interviewee 8)

> Surely for some, it may have been beneficial that there are these investors. We never really had any discussions with those Maria01 investors, but it's certainly a useful thing for many. (Interviewee 5)

5.3.4.2 The community could be inside and around the scale-up

An ecosystem without the feel of community often does not lead to anything. Shared knowledge, helping each other, and having a strong feeling of togetherness creates a community. Many scale-ups saw value in the community, especially when meeting new people and changing ideas and experiences. To be clear, having a community per se is not enough. The community needs to be inviting, suitably functional, and have the right spirit.

> That community has been quite valuable, that every day you come across relevant people with whom you can talk about all sorts of things in passing and stuff that yes, it is definitely valuable. (Interviewee 2)

> Firms in the same situation, with whom we have been in contact. There was [company] and other companies of our type. Quite a lot of sparring was done with them, about what someone's situation is and what reasonable solutions they had had, and such. That it does, it is communality and closeness. (Interviewee 5)

Often scale-ups lack timely resources and have less time that they would like to consume in the community. When building an inner company community, founders have limited time for the surrounding community. The need for belonging to a community is also its limits. Scale-ups of more than forty team members started to form their community inside the company. As one interviewee described:

> Cozy feeling. Appropriate buzz and startup or growth company spirit and spirit there in the office, so that we were valued a lot even though we may not have been heavily involved because there was no time. And let's focus on building our own culture and making sure our own gang weld together, and that's a priority. But yes, it weighs in on choices. (Interviewee 6)

> There were already so many of us that we started to hang out in our own gang. But I think the presence of others is valuable, especially in the early stages. (Interviewee 4)

One interviewee also reflected that the effect of community is minor for founders that already have a network:

> I don't think it necessarily has any direct benefit or disadvantage. I think the end result is pretty plus-minus zero after all in our case. We, the founding team, already have such extensive networks around us in this scene. So, you can get a lot out of it even you're not in the same room. (Interviewee 7)

5.3.4.3 Events and gatherings should be casual networking or highly relevant

Events and gatherings organized by growth hubs seem to lose their meaning when companies grow to the scale-up stage. Many founders were aware of events happening around them but felt they lacked the concrete outcome benefits. In addition, topics often felt irrelevant and aimed at earlier-stage companies. However, most of the founders interviewed were open to participating if relevant events were organized. More targeted and focused events like for precise professional areas could benefit scale-ups.

Despite the topic discussed, networking and meeting other relevant people seemed to have been more important. From these events, scale-ups search for new partners, relevant clients, and new employees. In addition, relevant people and free food would make a difference, as one founder described:

> In my opinion, personally, I have always appreciated the most [events] where I get breakfast. It's okay to discuss some topic; they always have a theme. The

> topic can be quite good too, but breakfast is the thing. And then you see those people, it doesn't really matter what the event topic when networking happens, or you meet other founders, and other people is. (Interviewee 8)

A few interviewees also had been helping event organizers by offering their products to use or giving speeches from their expertise. In addition to professional events, having a more relaxed time with co-workers and the community is also an important reason to participate. As one founder described:

> Maybe we've mostly been in some BBQ-type events with the team. It is more like a break activity and then, of course, fetching free beer. (Interviewee 2)

5.3.4.4 Space hosts should support scale-ups

Some scale-ups had weak experiences from the service level of hubs. A lack of communication or inoperable systems that cause extra effort may be a reason to change the location. As one of the founders described:

> The communication was a bit like … not so professional and not so polished to the end. Or you might have promised something, but that is why you cannot say yeah, this will happen, but then gone all the way. […] When you start scaling, and you've already developed [the company], then it starts to be but strenuous. (Interviewee 4)

For early-stage scale-ups, media coverage and visibility would boost their growth. Hub, as a more mature actor, could help their companies to get on the cover. For example, one interviewee mentioned the positive media coverage:

> If there was some newsgroup [in the hub], then we were one of the most credible companies in that environment, and we always got to TV news, which was a good advertisement for us too (Interviewee 9)

5.3.5 What separates a preferable hub from others

Scale-ups seem to have moderate must-have needs, like overall comfort and functionality, in addition to which every scale-up had its own unique needs. When inquiring about the reason some hubs would be better than others, founders were quite united. Maria 01 campus was seen as superior due to its position in the Helsinki startup scene. Most of the founders interviewed could not even mention other similar spaces.

> Maria 01 is absolutely superior in its framework and services to all the others where we have been before when this campus and organizations are here and all this. (Interviewee 3)

> What I think is good about Maria 01 is that this is pretty big. Because there have to be a lot of those startups in order for it to create turnover and have to be a certain size for it to matter. (Interviewee 8)

> Can it be said that there are no similar campuses in Finland? It's hard to equate, we're a pretty large campus at the European level already. (Interviewee 11)

Hub branding has a significant effect on how companies value it against competitors.

> I feel that Maria 01 has branded itself as a place where startups clearly are ... the impression is that there are startup companies, and it is the center for them. (Interviewee 9)

> Maria 01 was much more communal compared to many other bigger campuses I had been to. [...] Considering how big Maria 01 is, it is most natural of them that many times they start to be true corporations like the epicenters are, they are run really efficiently, but then they are dreary. (Interviewee 1)

5.4 Elements of the business affected by the office

One of the fundamental questions in this study has been if (and if yes, why) scale-ups should invest their time and energy in office space development and decisions. This chapter

presents four critical factors that the office affects: recruitment, building and maintaining the company brand, taking care of employee satisfaction, and increasing productivity.

5.4.1 An attractive office boosts recruitment

The competition for recruiting the best experts is an ever-going challenge for fast-growing scale-ups. The office affects recruitment in several ways. Firstly, the office should give the right employer image of the scale-up for candidates. It expresses the company culture and overall working atmosphere. A unique workplace with facilities better than competitors can contribute to attracting the best professionals. Secondly, the office location is often vital for candidates, where good transport links are critical. Thirdly, many professionals are unwilling to work from the garage but require a functional, real office. What is more, the office should accommodate all existing and future employees.

> All in all, it's really modern and comfortable, such that it looks cool startup's office. So that it gives, or it just creates, a good mood and gives the right image of us for all the recruit candidates and partners and journalists and just about everyone. (Interviewee 6)

> Well, from a recruitment standpoint, that's a big question. Maybe more a question of which city and not so much where in the city you are in. (Interviewee 3)

> When a company is no longer a startup but a job for people, people will typically come to the office, then at that point, it is pretty critical you do get to recruit people there. Your company has a regular office and standard office capabilities and processes, and it also acts a bit like that employer image. (Interviewee 4)

> If you want to recruit coders in a technology company, then the coders may not look so closely at the salary; they look a lot [..] if it is a "cool" environment. [...] But then, the office is a recruitment asset as well. That is, we also wanted an office that delivers a small wow experience when you arrive, and it alone serves as a business card for that company even when it comes to interviews or others. (Interviewee 5)

> Companies of our size have a lot of challenges or no challenges, but it's a big deal for a company of our size how we get the best employees. It's one part of many, many parts that what kind of office facilities we have, where we are [located] and what kind of space it is. (Interviewee 11)

5.4.2 The office is a part of brand image

Scale-up's office represents the whole company, and it could be seen as a brand extension. The way the office design follows the company's brand image is a big deal for many founders. Scale-ups look a unique look, with their logos printed on walls and doors. In addition, the office should be a representative when inviting customers or other stakeholders to meetings.

> We are looking for a certain type of culture and a certain type of general company feel, so then it also needs to fit in. What is, such a low window cubic hell would not work for our company. (Interviewee 1)

> But then on top of that, we at least have seen it as really important that the walls are painted in company color, and there are company logos on the doors (Interviewee 6)

> The space would somehow be unique, that it would not be quite the basic kind of just office space. We feel to be a bit like a special company so we would like to have a special kind of space. (Interviewee 1)

> Many customers visit us (or visited before covid, hopefully, will continue to visit) in customer meetings. So, we need to have a representative office that is easy to find and in a good location. (Interviewee 4)

Office effect also relates to the field where the scale-up is working. Software or product companies seem to survive longer without a fully suitable office solution, while companies whose business includes many customer meetings rely more on a showy office.

5.4.3 Inspiring office supports employee satisfaction and productivity

The office exists fundamentally to support people working there. In addition to working, the office is a place to meet colleagues and have relaxed breaks in the middle of the workday. So it could be said; loyal employees are satisfied employees.

> However, I believe that especially for young people, who are also hired a lot, the office's role will change a bit to the point where they will meet those teammates. Of course, to do certain things, but then also to have fun in that sense. (Interviewee 8)

> Well, maybe it is just the general amenity that we want to have a good workplace, and we want our team to really enjoy working for us. So, the office must be comfortable, and that's why there have to be all those lounges and similar ones. And generally, it must work so you can focus there, and so that the team wants to come there [...], it welds the team together, and they learn to know each other as people, not just as co-workers. And then it's important for commitment and so on. (Interviewee 6)

> It also probably affects the well-being of the employees in a certain way; we are all kind of knowledge workers here. The amenity of the workspace is really important, for example, for product people or when doing design. (Interviewee 11)

Above all, offices should embrace productivity. Concretely this means many things, such as ergonomics, should be taken care of, space should have needed technology and functionalities. Also, one part of increasing productivity is to keep employees energic and satisfied. As two of the founders described:

> And it's for the fact that office space needs to be inspiring and mentally energizing. That is the most important thing. When there is an office there, it needs to be physically encouraged to do things. (Interviewee 1)

> That workspace comfort is really important, for example, for product people or when doing design or something else. That work environment needs to be comfortable and kind of creative. (Interviewee 11)

5.5 Factors prolonging the tenancy

5.5.1 Culture-fit between milieu and scale-up

One factor creating a wrong circumstance for scale-up office is wrong culture-fit since scale-ups seem to be strongly guided by their culture. Therefore, wrong culture fit would be a reason not to take an appropriate office. From the office point of view, culture is a tricky factor to control because every company seems to determine itself. Two of the founders interviewed opened their cultural aspects:

> We are looking for a certain type of culture and a certain type of general company feel, so then it also needs to fit in. What is, such a low window cubic hell would not work for our company. (Interviewee 1)

> If you are looking for an office hotel with a strong culture, such as a startup campus, then [culture] will have an impact. It has an impact on what kind of firms there are and who is leading the place. (Interviewee 5)

> It's so important that that core crew welds together and commits to what is being done. Moreover, to create the foundation for culture and values, ways of doing things, and for anything. And then, the office reflects a lot of that culture, and it affects what kind of culture is built, whether you work at the office or not. What kind of meeting cultures is it, whether to chat with co-workers in a coffee room or not, and so on. (Interviewee 6)

Even if the end of space to expand is the most common reason for moving out, growing out of the culture could also be the reason. For example, some interviewed scale-ups who had left the hub felt grown over the culture it presents. This reason also underlines the fact that culture has a significant effect, as one of the interviewees explained the reason move from hub:

> We had already fully grown out of that Maria 01 community; it was by no means a relevant community for our employees anymore. (Interviewee 4)

5.5.1.1 Old fashioned office blocks present the wrong culture

Multiple founders raised their doubts about traditional office hotels. Large buildings with multiple companies, workplace canteen downstairs, and no community actions are very negative atmospheres from their point of view. However, this particular factor seemed to be more abstract than specific to individual characteristics. Nonetheless, it repeated in multiple answers and seemed to be a remarkable conjunctive factor. As multiple founders put it:

> I'm not really going anywhere to [big office hotel] or [big corporate building] or any office building full of other companies. [...] they usually have a really depressing atmosphere. When you step into such, your whole desire for life just disappears. I do not know precisely why. They are all the same, they all have precisely the same vibe, they all have those kinds of deary, ugly and disgusting environments in every way. They do not inspire anything in any way. (Interviewee 7)

> But yes, it weighs in the choices not to go to that corporate office hotel, where you feel like you're old when you get there in the lobby. (Interviewee 6)

> It only comes to mind for me to be a really dilapidated, old building where there are individual workrooms (Interviewee 9)

> A basic cube with a low ceiling and was built in the 60s and 70s. A regular office building, whatever comes to mind from that word. Almost all ordinary office buildings are uninviting. (Interviewee 11)

5.5.1.2 Collaboration between different growth stages divides opinions

Having companies in different growth stages under the same roof might be beneficial. However, mixing startups, scale-ups, and corporate without specific separation might not be the most convenient way since different stages have different needs and expectations. As the founder interviewed explained:

> I have heard a little bit that they are trying to fish later-stage companies and bigger ones. I don't see any point in that. I understand it's easy on a financial basis if one big client takes half a floor, but it's of no use to that scene, nor to that house, if you're somewhere on the sixth floor, the whole floor of an office full of crew, most of them don't hang out downstairs in a cafe sharing information. I would see that focusing on one stage and concentrating all the action and support on it so that you get something out of it. (Interviewee 1)

One solution could be separating different stages into different floors, so they could be served better and be rounded with same stage companies. As the founder continues:

> In Sweden, there are tall buildings where they have isolated those later-stage firms on the upper floors, and the lower floors are grounded by early-stage doers. This way, larger companies can focus on different things on the upper floors. And then the small businesses downstairs. (Interviewee 1)

Even if there is not yet the best way to facilitate collaboration between different stages, many founders believe it would benefit all parties. As one of the founders described:

> Suppose it would be the wider ecosystem of more advanced companies [in addition to the startups]. That way, they would be able to bring that world mindset and that wider European ecosystem more actively. [...] Especially when there comes a new campus, [...] I think it will be positive if there is still any kind of cooperation between these [startups and scale-ups]. I think that is the right direction. I think there are interesting office properties there for us and others. (Interviewee 8)

However, all do not understand why scale-ups would need a physical hub and its services. For example, one of the founders interviewed thought that membership in a hub would not make sense for their company:

> After all, many houses, in my opinion, are trying to be a community where companies can use these common spaces. Then you should pay some membership fee on top of the rent, which didn't make any sense. We talked about this with our employees, and they want to hang with each other. It is own space and own place, and why it is acquired in the first place. Maybe it will serve better small businesses, micro-enterprises, which use general amenities. I don't understand that concept combined with large, own workspaces. (Interviewee 11)

5.5.2 Outsourcing services help focus on core activities

Many scale-ups run hectic businesses in daily basics and are hands full of work-related stuff. Rarely do founders or top management have time for external projects, like planning the office design and services. Here, all outsourcing services come valuable. However, they can't be too pricy for budget-oriented scale-ups. As one founder described:

> It's a pretty big job to make [the office] look own, and it was fine back in the early days of the company, but, for example, this fall, my own agenda would not fit wall painting and carpet gluing. You either buy it as a service, or it is done by someone else. Or choose the turnkey system and move into a nice, comfortable space. (Interviewee 6)

> We've been trying to really outsource just about everything [in space planning]. We already have our hands full, also in the HR team. We would rather have purchased it as a service versus spending much more time than necessary by ourselves. In practice, they lead the discussion, seek feedback from us, operate with the space owner, and order the furniture. The whole project management is outsourced. (Interviewee 11)

One of the founders interviewed spoke in favor of outsourcing because often team might not have the skills needed, for example, in space planning. With outsourcing, companies can focus on their core competence and be sure that professionals deliver good quality for them.

5.5.2.1 Exclusive discounts of third-party services included to office deal

In addition to outsourced services, giving discounts for scale-up stage companies is seen as a significant advantage. For example, members of the hub could be eligible for service discounts from partner organizations. This could also act as one of the selection criteria, since it affects under the line, as on founder described:

> The partnerships and discounts that companies get [with the membership], in fact, are already quite significant. We're probably saving almost the monthly cost of the office from blind costs to the fact that we're getting discounts with this membership, which is a pretty good benefit. (Interviewee 2)

> [The office location] could have services that all startups need, such as legal services and ... some help with financing and meeting investors. It would be really great if they could offer this. (Interviewee 6)

5.5.2.2 Scale-ups want various lunch restaurants nearby

For scale-up companies, lunch options close to the office location were seen as vital services. A lunch restaurant is also often a place to meet co-workers, clients, and other shareholders. For the same reason as outsourcing other services, scale-ups do not want to use their precious time cooking or cleaning dishes. Therefore, comprehensive lunch options, meaning more than one restaurant, are something scale-ups prefer. As two interviewees described:

> Then, of course, all the services around it are more than good, so if you can find more than one restaurant and more nearby, it's good. (Interviewee 9)

> The lunch selection is certainly something that improving and variegating it would be the first thing to do. (Interviewee 10)

One restaurant is not enough, but scale-ups are looking at various restaurants close to the office. One and more restaurants should be more cozy and unique and not large brand's traditional lunch buffet. Large office canteen service providers were seen negatively and the menu of one restaurant not satisfied for long, as founders expressed their opinion below:

> It was relatively close to the center to get to eat elsewhere, but yes, the offer of one restaurant downstairs quickly got tired. (Interviewee 4)

> There are few restaurants. There are no services. The location was terrible, and we did not want to leave the gang to suffer from it. (Interviewee 10)

> These sad places where there is some canteen lunch restaurant downstairs, so no, no, the kind of place I refuse to go. They always feel like places where people go to die little by little. (Interviewee 7)

5.5.3 Customization possibilities enable growth

5.5.3.1 Continuous growth requires constantly more space

For scale-ups, increasing team size and the following need for more space is the most common reason to move new office. Many scale-ups aim to predict the changes in team size; however, it often changes faster than one might expect.

> In practice, there has always been a need for extra space. It's always been the primary reason really every single time. In other words, an increase in staff has been foreseeable and has always led to the need for more space. (Interviewee 12)

Existing hubs are problematic in the matter of spaces large enough. Scale-ups require already regular office-sized premises, and one or two rooms will soon become cramped. As two founders described:

> We had no reason to leave [from the hub] really, if we would get a significantly larger space and there could be even another building for more large offices. (Interviewee 1)

> After all, these spaces are limited in this [hub]. And whenever we have to look for a new space here, it is always a big investigation that where to find a space of a suitable size. (Interviewee 3)

> It seems to me that companies of our size are no longer easily go into startup campuses because they usually do not have enough space. (Interviewee 5)

However, the need for space does not eliminate the influence of culture. For example, one experienced founder assumed they would like to choose office property and renovate it, even if they would have scalable hub options available:

> I feel that at some point, however, companies will build their own office by renovating. […] But I would assume that sometime at thirty to forty, one would start looking at more of our own office solutions, and until then, we try to cope with some of the lightest possible options. (Interviewee 2)

5.5.3.2 Customizability & multifunction spaces for ever-changing situations

Fast-growing scale-ups face everchanging situations which require different sized and equipped rooms. Many founders interviewed mentioned customizability along scalability to be an essential feature in the office space. As one interviewee described:

> We're looking for an open-plan office or an open, unified space that can do the necessary space ourselves. For example, wanting to share that space in some way or putting some glass walls or screens or something else, then it's possible to do. (Interviewee 7)

One interviewee talked about multifunction spaces, which were used to connect different support elements. This kind of use helps to safe space-consuming in less frequently used functions.

> In our yoga/photo studio/storage room, it is one room that fulfills all these functions, and in addition, there is a sofa. And it also often serves as a conference room. (Interviewee 4)

6 Discussion

6.1 Growth hub for Scale-up Companies

To be attractive for scale-up companies, the growth hub's main characteristics are (1) functional premises, (2) easily accessible urban location, (3) flexible lease time, and (4) facilitating services. Every scale-up has its individual needs, which underlines the need for flexible solutions. Scale-up's office decision is mainly based on people in scale-up. In addition, external influences like other founders' recommendations can affect the process. Employees are involved in searching and defining needs while founders make the final strategic decision. Scale-ups are open to getting help during the process, which is why growth hub operators should offer proactive guidance during the search and selection process. The way the growth hub manages to brand itself has an effect on the eyes of potential residents.

Two main characteristics are functionality and location. The growth hub should be functional and meet scale-up needs in space, services, and more. Scale-ups are avoiding traditional office blocks with a wrong atmosphere. Depending on the team size and work culture, scale-ups value different factors. The location is preferred to be urban and close to the main traffic hubs. The main accessibility should be via public transport, accessibility by car shares opinions from business to business. Distant locations are not an option and cannot be correlated even with a lower price or better facilities. To support fast-changing scale-ups, growth hubs should offer flexible lease times with easy termination. Against general thoughts, short termination time also benefits space operators since scale-ups are proactively recommending such offices to others. Scale-ups are willing to pay more for offices suitable to their needs, making the price a secondary factor.

After signing the lease contract and becoming a member of the community, the growth hub should support scale-up in various ways and sustain lasting relations. First, supporting individual work, teamwork, and well-being affects employees' satisfaction and productivity. Above all, offices should embrace productivity, be inspiring, and mentally energizing for their members. The growth hub's facilities, both private and shared spaces, should have enough transformability to suit the needs of different scale-ups. Private spaces should provide an inspiring customizable environment for different team sizes. Today, soundproof

office pods are standard, as well as meeting rooms with the latest video conference technology for different-sized meetings.

Fast-changing scale-ups appreciate easiness and flexibility, not only in leasing agreements but in services as well. Essential services such as mail or cleaning should not create extra work or headaches for companies. Services should include at least various restaurants with lunch options and high-quality reception service. Scale-ups are willing to buy services outside their core competencies, however, they are not always willing to pay them as part of the membership fee. In addition, the hub should offer exclusive member discounts for external service providers that could benefit companies. The remarkably good discount pool might even compensate for higher rental prices.

The growth hub should support wellbeing. Basic infrastructure, like air-conditioning, natural lighting, and ergonomic workstations, is required. To enable commute cycling or physical activity during the workday, showers and changing rooms should be offered. In addition to which a sauna is seen as an advantage. Spaces for physical activity, like gym or yoga studio, are considered to be becoming increasingly important.

In addition to functional premises and services, there must be a functioning community around everything. Community support differentiates growth hubs from other office blocks. Matured companies appreciate their own space but are willing to be part of the community. A growth hub should create altruistic value for its entities. Hub should actively build up the community and provide casual events where people could meet each other and network. Events and gatherings should be casual networking, like breakfasts. What comes to professionally related content like educational events, the hub should find out from the community which topics resonate with them or are relevant for the growth hub's specific audience. Space hosts should proactively develop and maintain community while helping community members and making their life easier.

Scale-up's office is not only supporting day-to-day activities but also affects recruitment, branding, and customer brand image. Firstly, the office presents the employer's brand image, and a unique workplace helps attract the best professionals. Secondly, the office represents the whole company, its values, and its culture. In addition, the office should be a representative when inviting customers or other stakeholders to meetings.

While supportive factors are in place, there are still a few identified issues that most often lead to the termination of the lease. Two maintain a lasting lease relation hubs should focus on culture-fit, changing service needs, and customization possibilities. The right culture fit is essential, and it should be inviting for different growth stages. What is more, scale-ups prefer services, the need which change along the business grows. Finally, continuous growth requires constantly more space and customizability for ever-changing situations. Being able to get more rooms while growing in terms of people would be necessary for scale-ups. Taking care of these might extend the lease relation while companies are evolving and growing.

Figure 6 summarizes the relationships between key findings of scale-up and growth hub and shows how office and scale-up attributes are connected in the office selection process and during the lease.

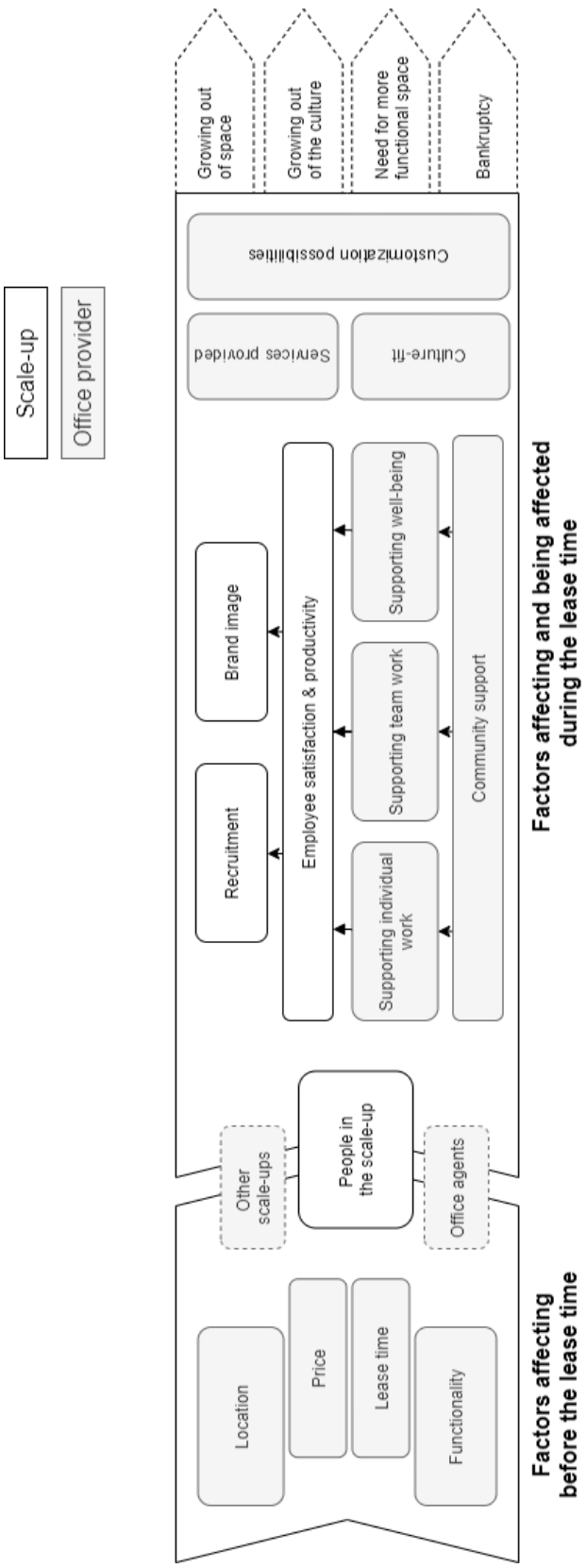

Figure 7. Relations between growth hub and scale-up

6.2 Theoretical Implications

The goal of this research was to form a general view of growth hub specifically targeted scale-ups and tentatively bridge a research gap in academia. The emphasis was on understanding scale-up office selection criteria, what physical premises and services they need, what characteristics of physical hubs they value, and with this knowledge form an idea of the scale-up-first growth hub. Many of the study's findings have not been addressed in previous literature, but some overlap with existing studies.

This study's first contribution to academia is the identification and high-level explanation of the growth hub supporting scale-up companies. Existing literature has not formed a general understanding of office effect in a scale-up environment. In addition, the study contributes to the indispensable foundation of understanding the phenomenon more comprehensively and examining discrete parts of it independently.

Second, the research explains how scale-up companies search and decide the office to move in. The search and decision process rarely exists among interviewed companies, but the increase in team size forced more organized solutions. Both founders and employees play an essential role in the office search and decision process, but the founders typically make the final decision. However, scale-ups appreciate outsourced help from leasing professionals to handle the process, often leading to better results and saving scale-up's resources.

Termaat et al. (2014) believed the interest towards short/mid-term lease contracts increase in the future. Based on the interviews, the office leasing industry is outdated from a startup point of view, and long leasing periods did not serve fast-expanding scale-ups. In addition, according to the interviews, having flexible agreements also benefit property owners by easing the premise of inbound marketing. Thus, the third contribution is the confirmation of Termaat et al.'s (2014) finding.

The literature has previously acknowledged the importance of urban location (Feld, 2020; Termaat et al., 2014; Li, 2016; Repo, 2000). The fourth contribution is the confirmation of that finding. Several of the interviewees highlighted the importance of urban location and easy accessibility to close transportation hubs. However, the most expensive streets and parts of the city would be avoided. Distant locations like suburbs were not suitable for scale-

ups, not even if the prices were lower compared to downtown. Additionally, the future offices are often searched close to the earlier office locations, making the decision of the first office location even more important.

The fifth contribution is the finding that scale-up values flexibility and functionality above other office characteristics. This finding corresponds to Mcgregor's (2002) and Termaat et al.'s (2014) previous finding that scale-ups need an agile, ever-changing work environment. Continuous and inconsistent growth requires constant changes in space, making the lack of space the most common reason to move new office. What is more, everchanging situations need customizability, when teams need re-organizing, design sprints need to reserve space for a longer period, or pivoting creates new needs.

Sixth, the office affects the scale-up company in various ways. Firstly, the office effect in recruiting is substantial, as finding talent is one of the biggest growth obstacles for scale-up (Bjerg, 2019; Brady, 2017; Lahtinen et al., 2016; Salamzadeh & Kesim, 2015). Recruiting was also the number one affected area in interview findings. Secondly, the office presents the company and affects its brand and customer brand image. Thirdly, the office has a tremendous effect on employee satisfaction and productivity, verifying Malensteen's (2017) and Olson's (2002) findings. Office space should be inspiring and mentally energizing while supporting employees' wellbeing.

The seventh contribution is the identification of the stage when the office starts to matter the most. According to the results of twelve interviewees, the most important stage is when the first employees are hired to the company or around twenty people. However, one interviewee saw the company beginning to be the most important phase. Also, the business field had an effect, signaling lower office effect in software or product companies. Even the results were abstract, they can offer a base for hypotheses for quantitative research to test the most important stage statistically.

Eight, the culture-fit between office milieu and scale-up plays a vital role from a scale-up point of view. Scale-ups have strong opinions of the right culture, with no space for old-fashioned office blocks, workplace canteens, or lack of community. Although, every company determines the right culture itself, making culture hard to lead. The milieu should consider different growth stages and their needs to prevent the 'growing out of the culture' -effect.

The ninth contribution is the finding that scale-ups desire to have services nearby the office, for example, several lunch restaurants. This result supports the finding of Hong Tan et al. (2021) that service attributes are an essential motivation for start-up businesses selecting the office. What is more, according to interviews, scale-ups are willing to pay for services outside their core competencies. However, exclusive members-only discounts on third-party services and inexpensive prices attract budget-oriented scale-ups.

Olson (2002) argued that an acoustically private workspace creates higher job satisfaction and productivity. Most of the interviewed founders related to this finding and underlined the need for a peaceful working space that supports concentration-intensive work. Two out of three interviewees mentioned that individual meeting spaces like soundproof office pods are an essential part of the office.

The eleventh contribution is the finding of office characteristics supporting teamwork in scale-ups. Among the interviewees, large event space for bigger gatherings like demos, company-wide events, or parties was a must-have need. In addition, having space for more casual encounters, like kitchen, dining, or lounges, was important to foster a cozy working atmosphere.

The twelfth and final contribution acknowledges that while the community is an essential part of growth hub characteristics, scale-ups relationship towards the community is multidimensional. First, the effect of community was lower for founders that already had a network. Many interviewees felt the team forms their own community and there is no need for the community outside. This finding weakens Vandor et al. (2019) pretension that community collaboration benefits not only individuals but companies. On the other hand, it could be seen to extend Vandor et al.'s (2019) argument "young companies do not enjoy significant benefits from collaboration" to later stage scale-ups. However, meeting relevant people and sparring with similar companies was seen as valuable.

6.3 Managerial Implications

6.3.1 Implications for hub managers

For hub managers developing their services, this study can help understand what premises and services scale-ups value in general. First, the hub should offer flexible contracts and provide customizable space and service packets. According to the study, leases that can be terminated at short notice encourage founders to recommend facilities to others and so benefit space providers. Every scale-up has different needs and desires, and their situation could change rapidly. That is why hubs should have enough room to expand; scale-ups would stay at the same place if lack of space does not drive them away.

Secondly, the hub should focus on creating the right atmosphere for scale-ups. Practically, this means avoiding the traditional office hotel look and providing modern, high-quality spaces that inspire and energize people. Scale-ups also want to decorate their private offices with logos and company colors. In addition, sustainable solutions like smart energy solutions are considered a plus.

Thirdly, the hub should proactively communicate with the existing residents. Scale-ups expect professional service but with a relaxed startup spirit. The added value comes from a high-quality service, which is readily available and does not impose an additional burden. Scale-ups are willing to outsource services out of their core competence, to be more efficient and save time. Exclusive discounts for hub members might create a big difference.

As the fourth recommendation, the hub should generate an active community. Practically it could be as small as breakfast or after-work events, where people can meet each other. Scale-up are willing to participate in events if they see benefits there. The key to organizing successful activities is asking for feedback and choosing themes based on actual needs.

Fifth, scale-ups appreciate their own space. Shared spaces could also have team-sized activities, where colleagues can spend more relaxed time not only meeting new people but chatting with existing ones. If the same hub has companies from different growth stages, it would be ideal for grouping the same stages into the same areas. Over these levels, encounters take place in common areas such as restaurants or cafés.

The sixth and final recommendation is to focus on facilities. Scale-ups' days consist primarily of meetings and calls, which means the number of meeting rooms and soundproof office pods should be at least adequate. Specific rooms for brainstorming and iteration rounds should be available for more extended period bookings. Having showers, changing rooms, and a sauna have become more the rule than the exception, fostering healthy physical activity.

6.3.2 Implications for scale-ups

For founders, the message is straightforward: the office does matter. As findings present, the office affects recruitment, company brand image and employees' satisfaction, and productivity. This study has several implications for scale-ups.

First, scale-ups should invest time and resources in the official selection process and later ensure the office stays relevant, serving the team both in work and free time. Involving employees in the selection process helps achieve a good outcome. Relying on external professionals during the process can be helpful since scale-ups rarely have knowledge of real estate. Consulting space designers might help to get the most out of the space.

Second, the findings guide what different facilities and services scale-up should consider when planning their new office. For example, many scale-ups had faced problems in basic features, like air quality or lighting. Scale-ups should look for customizable spaces that serve their changing needs. Generally, meeting rooms and soundproof office pods are convenient. Showers and changing rooms allow commute cycling but also encourage people to do physical activity during the workday. Making compromises due to urgency or price usually backfire in the longer term.

The third recommendation is to focus on different ways of working. Some people are more susceptible to sound and distractions, which should be considered when planning the office layout. People are scale-ups' most valuable asset.

The stage when the office would have the most significant impact seemed to be hard to verify. Founders defined the situation with different metrics, but most of them believed it is when

the first so-called outside workers are hired. Outside workers are seen as the first team members outside the founding team. From the office environment point of view, the most critical growth stage seems to be around ten and forty persons, when the company starts to recruit people outside the founding team or first employees. Many founders thought the beginning was mostly bootstrapped wherever, and surrounding office does not play a significant role there.

7 Conclusion

The primary objective of this study is to understand how offices affect scale-up companies, which was tackled with three research questions: How do scale-up companies choose their office location, and what aspects do they value? Second, what office-related premises and services scale-up companies use when running their business in daily basics? Finally, what scale-up company's business elements are affected by the office?

This study gives and answer to research questions from several perspectives. First, scale-up companies choose their location mostly without a specific process. Founders and employees are all involved, but the final decision is made by the founders. Scale-ups value flexibility and functionality, urban location close to traffic hubs, and easily terminated contracts in that order. Price is a secondary factor if other factors are met. However, scale-up's needs vary from business to business.

Second, the study identifies the premises and services scale-ups need. Both private and shared spaces with enough customizability and possibilities to grow are needed. Dedicated places for concentration-intensive work, like disturbance-free workstations and soundproof office pods for calls, support individual work. For teamwork support, different sized meeting rooms, a large space for bigger gatherings, and spaces that facilitate casual encounters, like kitchen or lounges, were important to foster a cozy working atmosphere.

Third, the study identifies different business characteristics affected by the office. The most important factors affected are recruitment, branding and customer brand image, employees' satisfaction, and productivity. Since recruitment is a vital part of successful expansion, scale-up should focus their resources on functional office space. The office represents the company for customers or other stakeholders, being part of the brand image. Finally, the office exists fundamentally to support people working there and embrace their productivity.

The main theoretical contributions of the study are identification and explanation of the growth hub supporting scale-up companies, which includes recognizing factors affecting the selection, how and what parts in the scale-up are affected by the office, and the main characteristics of the scale-up supportive office environment. In addition, the dynamic relationship between growth hubs and scale-ups is proposed. For hub managers, the study creates

an understanding of special needs scale-up companies have and guides to offer better premises and services for this specific group. For scale-ups, this study gives valuable information on the office effect and what to consider when selecting the office space.

Every qualitative study has its limitations that are important to recognize. First and foremost, founders and scale-ups have all unique values, goals, and strategies, and this study presents only the subjective views of selected interviewees. Due to this, some factors or characteristics might not be covered, and the found attributes and their relative effect can be subject to interpretation. These limitations are considered in this study, and the process of deriving findings from data is aimed to make as transparent as possible with the Gioia method.

The second limitation is that the phenomenon is examined only from scale-up founders' perspectives. In this research, the manufacturing or logistic activities were left out, focusing on office-site work. Each informant had seen most of the office effects, but if employees from different positions were interviewed, they might have highlighted different aspects. What is more, different aspects might have been raised by selecting completely different companies or from the different hubs.

The findings of the study are not necessarily generalizable to other geographies beyond what was covered, creating the second limitation of the study. The proposed correlations and causal relationships between the results are simplified and cannot necessarily be applied in other contexts or cover all the nuances of the phenomenon studied. These limitations are caused by the qualitative study research limitations.

The final limitation is interviewees' bias. Interviewees involved are primarily users of scale-up offices, not visionaries; they are aware of current trends, might be up to date with new concepts, but already existing trends in the workspace may instead color their views. Due to the qualitative and inductive nature of the research, interviewee-related limitations like personal experiences, personality, and expectations for the study could have affected the research process. To reduce the effect of limitations, qualitative rigor was used in constructing the study's main findings.

During the research, the world had an ongoing COVID-19 pandemic, which was seen to change work and how offices are used dramatically. There was no way to assess the actual impact when this research was conducted.

While this study gives a base for the unstudied phenomenon, future studies could continue in several directions. First, further studies of the office effect would be essential, which factors are weighted in the sense of effect and are there more affected areas than presented in this study. Additionally, since this study had a qualitative approach limited to interviews of founders, future studies could use quantitative methods to back the main findings statistically. Second, future studies could examine scale-ups from different geographical areas. This study included only scale-ups from the Helsinki area. Also, future studies could examine the possible deficiencies in different in certain organizational fields, like Health Care, Apps, Gaming, and Hardware. Future studies should try to determinate the different growth hub models more precisely.

To conclude, this study aims to underline the importance of creating successful office environments for scale-ups and giving preliminary guidance on doing it in practice. Office providers have an important role in supporting companies at each stage. Hopefully, future researchers will find this study and its theme relevant for future studies.

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Interview Guide

INTRODUCTION

- Introducing the topic and thesis
- Structure of the interview
- Permission to record the interview

G1: QUESTIONS FOR SCALE-UP COMPANIES

General: selecting the location

- Which locations have your company been to?
    - Why have you decided to move elsewhere from previous locations?
    - What were the advantages or disadvantages associated with those places?
- How did you decide on your company location?
    - Who is involved in making this decision?
- What assets are you looking for when choosing a company location?
    - Which of these assets are mandatory and which are optional add-ons?
- Are there any (physical or cultural) aspects that exclude location options?
- How important is the price?
    - What influences how much you are able/willing to pay?
- Can you define which stage of growth the environment has mattered the most?
    - Why is this stage more critical than others?

General: using the premises

- What kind of work is done on the premises? What would be done if possible?
- What transportation do your team members prefer to use?
- Describe your company culture shortly.
    - What role the environment has for your company culture?
    - Could you give concrete examples where this can be seen?
- Have you participated in events or gatherings? Why do you participate in these events? What kind of events interest you in terms of content?
- Is your company offering some perks or benefits for your team?
- What wellness services do your team use during the day, before the workday, and/or after the workday?

Questions for companies with some Maria 01 relations:

- Could you walk me through how did you join Maria 01?
- How your business changed during your time at Maria 01 (team size, funding …)
- What are the most valuable outcomes you have receives being part of Maria 01?
- Have there been any problems or disappointments regarding Maria 01?
- How could Maria 01 support your startup even more?
- Is there something that makes Maria 01 better or worse than other startup campuses?
- (If not anymore at Maria 01): Why you moved away from Maria 01?

Final questions:

- Are there some questions I should have asked? How would you have answered?
- Is there something you would like to add related to the topics discussed?