



## CONCEPTUAL STUDY AND AWARENESS OF CROWD SOURCING



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**Abstract:** Knowledge process outsourcing (KPO) and Business process outsourcing (BPO) has gained its magnitude after Liberalization, Privatization and Globalization policy announced by the Government in the recent economic policy 1991. After a decade, gradually it is trailing its allure and very few are choosing BPO sector as their career option. KPO is on the same line with BPO. With the advent of new technology, updated knowledge is required. Within short span of time technology is changing, concepts are changing and the meaning is ever changing. Everyone has to follow the order of the day, until the next adaptation, segment, and notion will come in our way. Crowd sourcing is one such segment which changing the shape of the technology recently. In spite of the jargon name, crowd sourcing is a very authentic and imperative business design. The basic idea is to tap into the collective intelligence of the public at large to complete business-related tasks that a company would normally either perform itself or outsource to a third-party provider. Yet free labour is only a narrow part of crowd sourcing appeal. More prominently, it enables managers to expand the size of their talent pool while also gaining deeper insight into what customers really want. The present paper focuses on the concept of Crowd sourcing, to what extent people aware of crowd sourcing and about the crowd sourcing industry.

**Keywords:** Crowd sourcing, Crowd funding, Crowd creation, Crowd Voting, public.

### INTRODUCTION:

#### Background

The term "crowd sourcing" is a portmanteau of "crowd" and "outsourcing," first coined by Jeff Howe in a June 2006 Wired magazine article "The Rise of Crowd sourcing". Howe explains that because technological advances have allowed for cheap consumer electronics, the gap between professionals and amateurs has been diminished. Companies are then able to take advantage of the talent of the public, and Howe states "It's not outsourcing; it's crowd sourcing." A less commercial approach was introduced by Henk van Ess in September 2010: "Crowd sourcing is channelling the experts' desire to solve a problem and then freely sharing the answer with everyone".

Projects, which make use of group intelligence, such as the LazyWeb or Luis von Ahn's ESP Game, predate that word coinage by several years. Recently, the Internet has been used to publicize and manage crowd sourcing projects.

#### Why It Matters Now?

With the rise of user-generated media such as blogs, Wikipedia, MySpace, and YouTube, it is clear that traditional distinctions between producers and consumers are becoming blurry. It is no longer fanciful to speak of the marketplace as having a "collective intelligence"—today that knowledge, passion, creativity, and insight are accessible for all to see. As Time explained after choosing the collective "You" as the magazine's 2006 Person of the Year, "We're looking at an

explosion of productivity and innovation, and it's just getting started, as millions of minds that would otherwise have drowned in obscurity get backhauled into the global intellectual economy."

The idea of soliciting customer input is hardly new, of course, and the open-source software movement showed that it can be done with large numbers of people. The difference is that today's technology makes it possible to enlist ever-larger numbers of non-technical people to do ever-more complex and creative tasks, at significantly reduced cost.

#### Why It Matters to you?

With a deft touch and a clear set of objectives, quite literally thousands of people can and want to help your business. From designing ad campaigns to vetting new product ideas to solving difficult R&D problems, chances are that people outside your company walls can help you perform better in the marketplace; they become one more resource you can use to get work done. In return, most participants simply want some personal recognition, a sense of community, or at most, a financial incentive.

Need for study: Today world technology had taken a new turn, which removed geographical boundaries between all countries and made into a global village with free and easy communicable channels. The best usage of communication technology is crowd sourcing. Now with this

technological advance the gap between producer and consumer, organisation and problem solver (creator) reduced. This is the time now everyone on earth should present their talents to the open world and make them valuable. So, crowd sourcing is the fine and best way to a creator to show is talents for organisation to have good solutions with a low cost.

Finally, this is natural method business dealing. Always we say, "Million heads are better than one".

### **Concept of 'Crowd Sourcing'**

Crowd sourcing is the act of sourcing tasks traditionally performed by specific individuals to a group of people or community (crowd) through an open call.

### **DEFINITION AND MEANING OF CROWD SOURCING**

1. It is the process of continual idea-based problem solving by communities with the intent of improving a product or service in which they have a vested interest'.

2. Crowd sourcing is, according to the Merriam-Webster Dictionary, the practice of obtaining needed services, ideas, or content by soliciting contributions from a large group of people, and especially from an online community, rather than from traditional employees or suppliers.

3. Simply defined, crowd sourcing represents the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call. This can take the form of peer-production (when the job is performed collaboratively), but is also often undertaken by sole individuals. The crucial prerequisite is the use of the open call format and the large network of potential labourers

Jeff Howe established that 'the concept of crowd sourcing depends essentially on the fact that because it is an open call to a group of people, it gathers those who are most fit to perform tasks, solve complex problems and contribute with the most relevant and fresh ideas'.

For example, the public may be invited to develop a new technology, carry out a design task (also known as community-based design or "design by democracy" and distributed participatory design), refine or carry out the steps of an algorithm, or help capture, systematize or analyse large amounts of data.

### **Crowd sourcing in the World – Key People**

Like the concept itself, crowd sourcing belongs to no one person, but many have contributed to its evolution:

Jeff Howe, a contributing editor to 'Wired magazine', first coined the term "crowd sourcing" in a June 2006 article and writes the blog crowdsourcing.com.

Don Tapscott, a well-known business guru, has recently become an evangelist for mass collaboration in his book, *Wikinomics: How Mass Collaboration Changes Everything*.

### **Process of Crowd sourcing**

Crowd sourcing is the natural evolution of outsourcing giving better economical returns, even where

outsourcing is already in place. Companies, both Large and Small/Medium employ the crowd to perform labour that could alternatively be performed by an assigned group of employees or contractors. However, in order to effectively staff projects or other work from the crowd, there are six essential elements needed to be in place:

**Platform:** There needs to be a technology platform or marketplace that brings together

**Pool:** Crowd sourcing requires a sufficiently large and appropriately skilled workforce available to work.

**Performance:** The requester will have performance criteria that describe successful completion of the task (i.e. time, quality and/or volume). The requester also will need to be reasonably assured that the engaged worker can do the job (previous similar projects, education or skills credentials, pre-screening or assessment).

**Product:** product or output can vary from low-skilled, high volume tasks to highly skilled lower volume ones.

**Promise:** There is a degree of formality needed whereby the crowd sourced labour is willing to make the commitment to complete the work in an agreed upon time window and quality level; on the buyer's part, the requester needs to commit to reward the worker on terms that are mutually satisfactory.

**Payment:** To garner trust and crowd satisfaction the workers should be assured of a prearranged rate of pay commensurate with the work involved.

### **Strategies of crowd sourcing**

Jeff Howe has differentiated four types of crowd sourcing strategies:

#### **Crowd funding**

Crowd-Funding circumvents the traditional corporate establishment to offer financing to individuals or groups that might otherwise be denied credit or opportunity. Two groups of typically under-funded populations include individuals in developing nations and amateur musicians

#### **Crowd creation**

Perhaps, the best-known forms of crowd sourcing are "creation" activities such as asking individuals to film TV commercials, perform language translation or solve challenging scientific problems.

#### **Crowd voting**

Crowd voting leverages the community's judgment to organize, filter and stack-rank content such as newspaper articles, music and movies. It is the most popular form of crowd sourcing, which generates the highest levels of participation. Jeff Howe, sites the 1:10:89 rule, which states that out of 100 people

1% will create something valuable

10% will vote and rate submissions  
89% will consume creation

For 10% that vote and rate content “the act of consumption was itself an act of creation”. The Internet offers various mechanisms to perform voting – ratings of articles by end-users or computer-driven algorithms that assess popularity via links and page views. Google's search engine is built upon the principle of Crowd Voting. Reality TV shows offer another example of Crowd Voting. Howe calls American Idol the largest focus group ever conducted, Threadless.com uses crowd voting to decide which T-shirts to manufacture and sell on its web site.

The “Wisdom of Crowds” principle attempts to harness many people's knowledge in order to solve problems, predict future outcomes, or help direct corporate strategy. Howe states that “Given the right set of conditions the crowd will almost always outperform any number of employees – a fact that many companies are increasingly attempting to exploit.”

### **OBJECTIVES**

- 1.To know the concept of Crowd Sourcing
- 2.To know about what extent people are aware of crowd sourcing.
- 3.To extract all information related to crowd sourcing industry.

### **METHODOLOGY:**

The present study proposes to make use of both primary and secondary sources of data. The primary data collected through well structured questionnaire aimed to analyse the concept of Crowd Sourcing, to know about what extent people are aware of crowd sourcing, to extract all information related to crowd sourcing industry. The secondary data collected from Journals, News papers, Magazines and Internet Sources. The present study aims at studying the concept of crowd sourcing, to extract information related to crowd sourcing industry, the study include in its scope only in Hyderabad, Andhra Pradesh, India. For which 100 respondents selected in and around Hyderabad, adhering to the principle of random sampling. The data analyses for each variable in the questionnaire made with the help of excel diagrams and tables. The survey conducted over a period of 4 months from April to July 2013. Crowd sourcing industry in India

Crowd sourcing in India is still relatively new and the idea is warming up with most SMEs, start-ups on how it can add value to their business. As we celebrate our second anniversary, here are some thoughts & learning's on crowd sourcing in a growth economy like India.

India has the second largest population of small and medium businesses (SMBs) among BRIC countries and the US. SMEs in India contribute to more than 40% of the total Industrial Output (35% of it is exported). SMEs Provides employment to 75% of India's workforce. In Karnataka alone, there are more than 750 Large to Medium Enterprises with investments of more than 60,000 Crores and employing 4,00,000 people. In comparison, there are more than 3,80,000 SMEs with investments of just about 10,000 Crores

while employing 22,00,000 people. Only 12% of the SMEs use Computers and 90% for Word Processing – The terms used today was “Typewriter”. One of the most startling take away was that in the last 55 years, the India SME manufacturing sector has clocked a steady GDP of 15% to 18%. No geo-political reason, economic downturns nor Policy changes etc seems to have affected this. And to put this in perspective, the Indian IT companies are happy if they are 1% or 2% higher than the nation's GDP. SME's spending on IT is only 30 percent of India's total IT spending. Some of the recent examples in India for crowd sourcing

### **Micromax**

Micromax Mobile launched its logo re-design contest on Talent house India, a crowd sourcing initiative that allows designers to participate and we have seen the Airtel 'Harek friend zaroorihain' campaign that found its roots from crowd sourcing.

Along with brands Bollywood has not been behind in crowd sourcing ideas via social media. The filmmaker Onir is a regular user of social media to crowd fund as well as crowdfund for his movies. He had raised funds for his film 'I AM' through social networking sites like Facebook and Twitter. He is sourcing actors and music composers for his next film 'Chauranga', a Rs. 3 crore movie. He plans to crowd fund it as well.

### **About Indian new currency symbol ₹ ( )**

Indian new rupee symbol is also selected in crowd sourcing format. India took the bold step of crowd sourcing a new symbol for national currency. They hosted an open design competition, soliciting potential options from across the nation. The contest's winner, Udaya Kumar, published the presentation he gave about the winning design philosophy created from Devanagari script it is deeply rooted in Indian's culture.

### **Reliance in crowd sourcing plat form**

Reliance Entertainment Ltd., the flagship media and entertainment arm of India's Reliance Group, in October 2011, had made a strategic investment in California-based creative crowd sourcing platform Talent House Inc and has formed a joint venture, Talent House India. Arun Mehra was named to spearhead this business as the CEO of the company. Mehra's last stint was with Zapak as the 'Chief Operating Officer', which he co-founded in November 2005 as 'Chief Marketing Officer'. Arun is an Entertainment Industry veteran with over 18 years of experience; he started his career with O&M and moved to MTV. Post MTV, he moved to Indiatimes.com, a Bennett and Coleman Group. His next stint was with Shringar where he re-launched the Fame multiplex brand. In an exclusive conversation with AlooTechie, Arun Mehra discusses his plans of growing Talent House platform in India.

### **Mahindra group in crowd sourcing business:**

Mahindra Group launched an online platform called Spark the Rise that lets people submit ideas and request funding (similar to the Pepsi Refresh Project), and then receive help from volunteers who can lend their

expertise or equipment to assist projects. Mahindra awards monthly grants based on public votes and picks by their expert jury.

This info graphic shows what happened in the first week that the site launched. 1,960 projects were submitted, which is an average of 11.7 per hour. 574.95 Crore rupees were requested and 85,630 volunteers needed. Some unusual equipment requests included 1 ton of coconut shell powder and a sensing satellite. The most popular category for submissions was technology and the state of Maharashtra had the highest number overall.

Mahindra's Official Tabulator and Process Advisor is Ernst & Young

**BENEFITS OF 'CROWD SOURCING':**

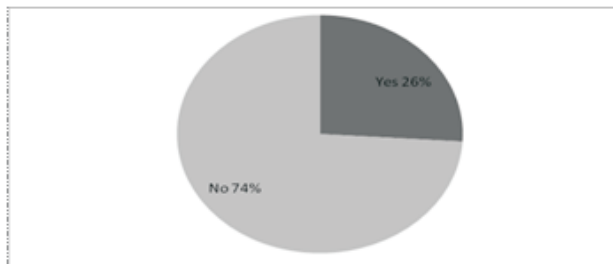
1. Get the work done for cheap
2. Provides more value for your
3. Hassle free
4. Great Marketing Tool
5. Talent comes searching for you
6. Stop the futile R&D
7. Good tool for head hunting or outsourcing

**Data Analysis**

**Table 1: Popularity of the word “Crowd sourcing”**

Particulars	Frequency	Percentage
Yes	26	26
No	74	74
<b>Total</b>	<b>100</b>	<b>100</b>

**Figure 1:**



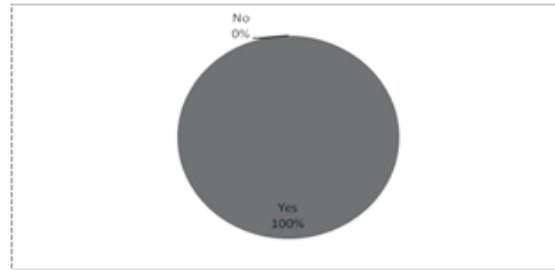
Source: Primary data

The above figure shows that the popularity of word crowd sourcing is not known by 74% of the respondents out of 100 respondents and only 26% of the respondents aware of word 'crowd sourcing'.

**Table 2: Need for awareness of crowd sourcing among the people**

Particulars	Frequency	Percentage
Yes	100	100
No	0	0
<b>Total</b>	<b>100</b>	<b>100</b>

**Figure 2:**



The above figure shows that all the respondents i.e., 100 % feel that there is a need for Crowd sourcing in India.

**Table 3: Crowd sourcing is best in**

Particulars	Frequency	Percentage
Exploring human talents	54	54
Cost free marketing	12	12
quality solution	30	30
Can't say	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

**Figure 3:**



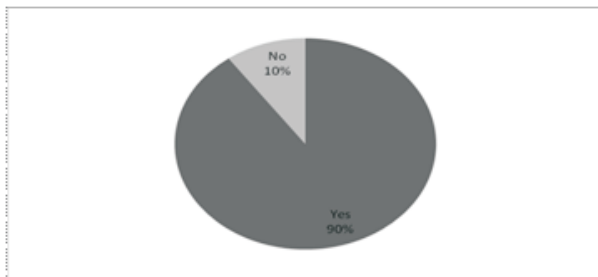
Source: Primary data

The above figure shows that 54% of the respondents feel that crowd sourcing is best in exploring human talents, 12% feel that it is good in cost fee marketing, 30% of the respondents opined that it is best in improving quality solutions, only 4% of the respondents said that they cannot say in what way it is the best one.

**Table 4: Individual opinion on Crowd sourcing as the best use of human talents**

Particulars	Frequency	Percentage
Yes	90	90
No	10	10
<b>Total</b>	<b>100</b>	<b>100</b>

**Figure 4:**



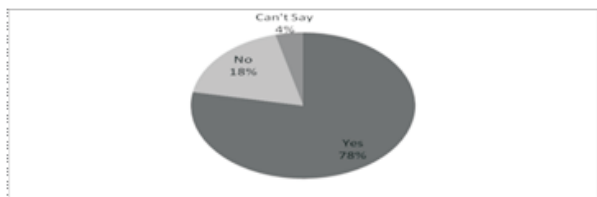
Source: Primary data

The above figure shows that those who know about crowd sourcing, feel that it is the best way of using human talents. Out of 100 respondents 90% says that it is the best way of showing human talents and 10% of the respondents don't agree with the proclamation.

**Table 5: crowd sourcing as the best solution provider for problems**

Particulars	Frequency	Percentage
Yes	78	78
No	18	18
Can't Say	4	4
<b>Total</b>	<b>100</b>	<b>100</b>

**Figure 5:**

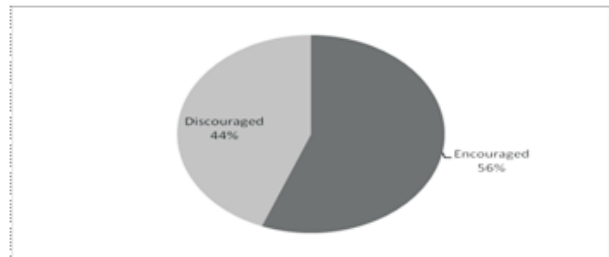


The above figure shows that 78% of the respondents out of 100 respondents believe that, through crowd sourcing best solution can be obtained, 18% of the respondents say that it does not provide and give solution to the problem and 4% of the respondents said that they could not say anything.

**Table 6: Rewards to best 'crowd sourcer' (winner)**

Particulars	Frequency	Percentage
Encouraged	56	56
Discouraged	44	44
<b>Total</b>	<b>100</b>	<b>100</b>

**Figure 6:**



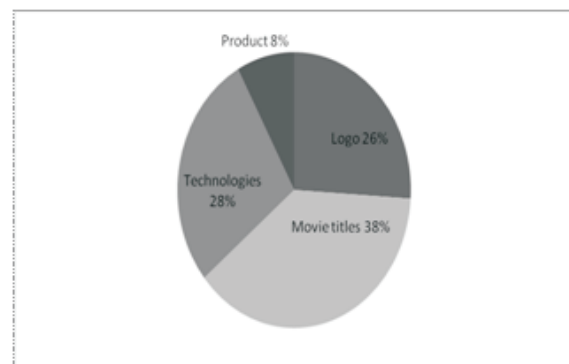
The above figure shows that 56% of the respondents say that giving reward to best crowd sourcer is encouraging and identifying the best talent. 44% of the respondents feel that it is discouraging, because those who did not get the reward will feel like discouraged.

**Preferred field to participate in crowd sourcing**

**Table 7.**

Particulars	Frequency	Percentage
Logo	26	26
Movie titles	38	38
Technologies	28	28
Product	8	8
<b>Total</b>	<b>100</b>	<b>100</b>

**Figure 7:**



Source: Primary data

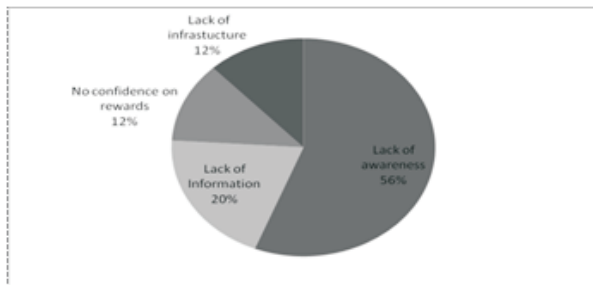
The above figure shows that most of the

respondents i.e.38% are interested to participate in movie titles, 26% of the respondents wants to participate in Logos, 28% of the respondents wants to participate in technology building, followed by only 8% of the respondents are interested in new product development.

**Reasons for less awareness of crowd sourcing in India**  
**Table 8**

Particulars	Frequency	Percentage
Lack of Awareness	56	56
Lack of Information	20	20
No confidence on rewards	12	12
Lack of Infrastructure	12	12
<b>Total</b>	<b>100</b>	<b>100</b>

**Figure 8:**

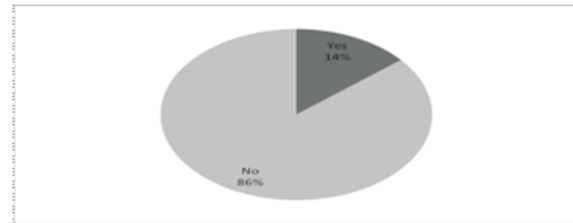


The above figure shows that 56% of the respondents don't know about crowd sourcing because of lack of awareness, 20% of the respondents says that because of lack of information, 12% of the respondents says that they don't have confidence on rewards, 12% of the respondents says that because of lack of infrastructure facilities they don't have knowledge about crowd sourcing.

**Table 9: Individual awareness of communities or websites dealing with Crowd sourcing**

Particulars	Frequency	Percentage
Yes	14	14
No	86	86
<b>Total</b>	<b>100</b>	<b>100</b>

**Figure 9:**



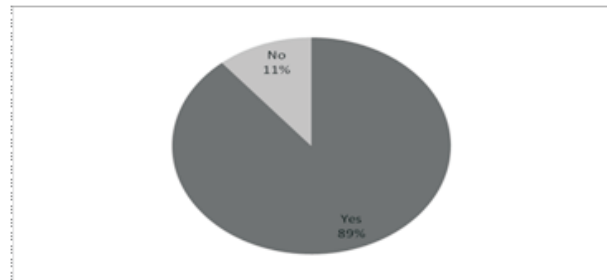
Source: primary data

The above figure shows that only 14% of the respondents aware of individual communities and websites of crowd sourcing and remaining 86% of respondents are not aware of any communities dealing with crowd sourcing.

**Table10:India is following crowd sourcing unknowingly**

Particulars	Frequency	Percentage
Yes	89	89
No	11	11
<b>Total</b>	<b>100</b>	<b>100</b>

**Figure 10:**



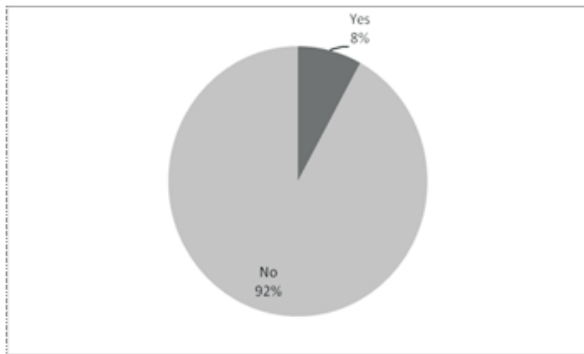
Source: Primary Data

The above figure shows that 89% of the respondents opined that, India is following Crowd sourcing unknowingly, where as 11% of the respondents said that knowingly India is following Crowd sourcing.

**Table 11: Individual participation in crowd sourcing**

Particulars	Frequency	Percentage
Yes	8	8
No	92	92
<b>Total</b>	<b>100</b>	<b>100</b>

Figure 11:



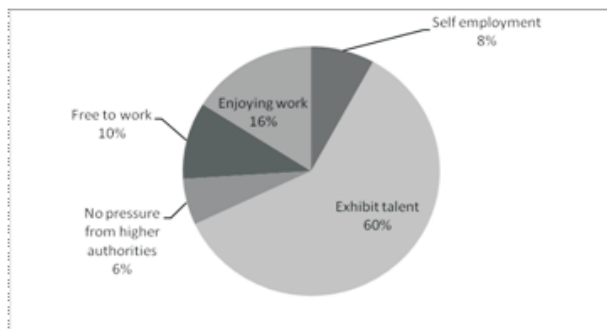
Source: Primary data

The above figure shows that 92% of the respondents are not participated in any activity related to crowd sourcing techniques in India and 8% of the respondents participated in some activities of crowd sourcing techniques.

Table 12: Reason for participation in Crowd sourcing

Particulars	Frequency	Percentage
Self-employment	8	8
Exhibit talent	60	60
No pressure from higher authorities	6	6
Free to work	10	10
Enjoying work	16	16
<b>Total</b>	<b>100</b>	<b>100</b>

Figure 12:



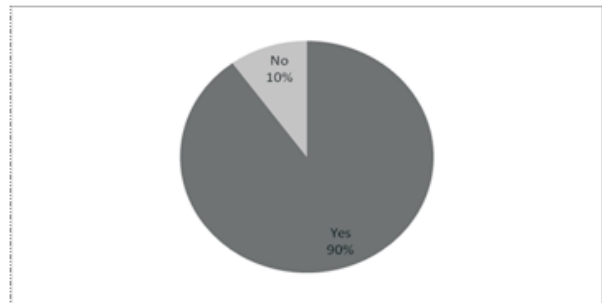
The above figure shows that 60% of the respondents participating in crowd sourcing to exhibit their talent, 16% of the respondents participating in crowd sourcing to enjoy the work, 10% of the respondents wanted free of work. 8% of the respondents participating for self employment followed by 6% of the respondents do not wanted higher officials, so that they are participating in

crowd sourcing.

Table 13: Necessity of crowd sourcing in present day competition

Particulars	Frequency	Percentage
Yes	90	90
No	10	10
<b>Total</b>	<b>100</b>	<b>100</b>

Figure 13:



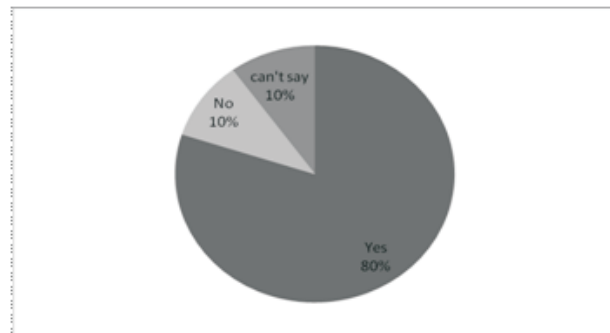
Source: Primary data

The above figure shows that 90% of the respondents feel that there is a necessity of crowd sourcing in present day life, 10% of the respondents feel that there is no necessity of crowd sourcing in present day life.

Table 14: Crowd sourcing as the best method of saving costs in marketing

Particulars	Frequency	Percentage
Yes	80	80
No	10	10
can't say	10	10
<b>Total</b>	<b>100</b>	<b>100</b>

Figure 14:



## *Conceptual Study And Awareness Of Crowd Sourcing*

The above figure shows that 80% of the respondents feel that crowd sourcing saves the cost of marketing, 10% of the respondents said that it will not reduce marketing cost followed by 10% of the respondents said that they can't say anything whether crowd sourcing reduces the marketing cost or not.

### **CONCLUSIONS**

Most of respondents do not have awareness about crowd sourcing only 26 are aware of crowd sourcing. it shows that more awareness is needed. Crowd sourcing creates human talents, which are valuable. In the process of Crowd sourcing 78 respondents say that an organisation can get a best solution for their problem. When a company opt for crowd sourcing method, they can have both the benefits i.e., solution to their problem as well as marketing for their product. In crowd sourcing, payment given only to the winner from unlimited participants, it is a discouraging phenomenon. However, it is a competition we conclude it as encouraging for rejected participants. More awareness needed in India to participate in crowd sourcing. Out of 100 respondents, 54% say that crowd sourcing is best in exploring human talents. 82% of the respondents are aware of some of the activities (selecting new rupee symbol, knowing best flavour for kurkure, naming the unnamed movies) related to crowd sourcing conducted in India i.e., best signal for future crowd sourcing market. Almost all the respondents' opinion is that, in India crowd sourcing practised unknowingly.

### **SUGGESTIONS**

This technique can be used for census reports easily and in urban areas where people are very busy. Survey maps can be made easily through crowd sourcing. In India, it is going to be next successful business technique, which is profitable and attractable by Indians easily. At border security, we can use crowd-sourcing techniques, in forest by providing live cameras and people to take membership to participate and give reports regularly (best reports should be rewarded).

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