Crowdsourcing is the process 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. It combines the efforts of numerous self-identified volunteers or part-time workers, where each contributor of their own initiative adds a small portion to the greater result. The term "crowdsourcing" is a portmanteau of "crowd" and "outsourcing"; it is distinguished from outsourcing in that the work comes from an undefined public rather than being commissioned from a specific, named group.

Coined in 2005, the word "crowdsourcing" can apply to a wide range of activities. Crowdsourcing can involve division of labor for tedious tasks split to use crowd-based outsourcing, but it can also apply to specific requests, such as crowdfunding, a broad-based competition, and a general search for answers, solutions, or a missing person. Crowdtesting is another example of the utilization of the crowd to provide software testing services. Crowdtesting is becoming a major player in the software world with recent studies stating that 55% of companies have adopted crowdsourced services in 2014 and more plan to utilize crowdtesters in 2015 and moving forward.

**Definitions**

Jeff Howe and Mark Robinson, editors at *Wired Magazine*, coined the term "crowdsourcing" in 2005 after conversations about how businesses were using the Internet to outsource work to individuals. Howe and Robinson came to the conclusion that what was happening was like "outsourcing to the crowd," which quickly led to the portmanteau "crowdsourcing." Howe first published a definition for the term "crowdsourcing" in a companion blog post to his June 2006 Wired magazine article, "The Rise of Crowdsourcing," which came out in print just days later:

"Simply defined, crowdsourcing 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 laborers."

In a February 1, 2008 article, Daren C. Brabham, "the first [person] to publish scholarly research using the word crowdsourcing" and writer of the 2013 book, *Crowdsourcing*, defined it as an "online, distributed problem-solving and production model."

**Theoretical Perspectives**

The Crowd Capital perspective explains how and why organizations engage Crowds through IT to generate heterogeneous resources. The Crowd Capital perspective parsimoniously generalizes the dynamics of numerous substantive research areas focused on IT-mediated Crowds including; Crowdsourcing, Citizen Science, Prediction Markets, Open Innovation platforms, Crowdfunding, and Wikis.

Building on the work of Friedrich Hayek, the Crowd Capital perspective views dispersed knowledge as the antecedent construct representing the resources that are possible to obtain from Crowds. Crowds are engaged through an organization’s Crowd Capability. Crowd Capital is the outcome construct of the Crowd Capability perspective and represents the potential resources generated when an organization
engages dispersed knowledge through Crowd Capability. Crowd Capital is always an IT-mediated phenomenon, without IT, it is not possible to generate Crowd Capital. Therefore, engaging Crowds without IT, for example in-person, cannot generate Crowd Capital.

**Examples of crowdsourcing**

There are some common categories of crowdsourcing that can be used effectively in the commercial world. Some of these web-based crowdsourcing efforts include crowdvoting, crowdfunding, microwork, creative crowdsourcing, Crowdsource Workforce Management and inducement prize contests. Although these may not be an exhaustive list, they cover the current major ways in which people use crowds to perform tasks.

Crowdvoting occurs when a website gathers a large group's opinions and judgment on a certain topic. The Iowa Electronic Market is a prediction market that gathers crowds' views on politics and tries to ensure accuracy by having participants pay money to buy and sell contracts based on political outcomes.

Some of the most famous examples have made use of social media channels: Domino's Pizza, Coca Cola, Heineken and Sam Adams have thus crowdsourced a new pizza, bottle design, beer and song, respectively. Threadless.com selects the T-shirts it sells by having users provide designs and vote on the ones they like, which are then printed and available for purchase.

The California Report Card (CRC), a program jointly launched in January 2014 by the Center for Information Technology Research in the Interest of Society and Lt. Governor Gavin Newsom, is an example of modern-day crowd voting. Participants access the CRC on line and vote on six timely issues. Through principal component analysis, the users are then placed into an online "café" in which they can present their own political opinions and grade the suggestions of other participants. This system aims to effectively involve the greater public in relevant political discussions and highlight the specific topics with which Californians are most concerned.

Crowdfunding is the process of funding your projects by a multitude of people contributing a small amount in order to attain a certain monetary goal, typically via the Internet. Two basic crowdfunding models exist. The model that has been around the longest is rewards-based crowdfunding. This is where people can pre-purchase products, buy experiences, or simply donate. While this funding may in some cases go towards helping a business, funders are not allowed to invest and become shareholders via rewards-based crowdfunding.

Individuals, businesses, and entrepreneurs can showcase their businesses and projects to the entire world by creating a profile, typically includes a short video, introducing their project, a list of rewards per donation, and illustrations through images. The idea is to create a compelling message that readers will be drawn towards.

Crowdfunding sites include: Kickstarter to fund creative projects (films, games, and music to art, design, and technology), Indiegogo is open to almost any kind of project (they even crowdfunded a baby), and the company has a larger international presence than Kickstarter, Crowdrise is a platform for donating to charitable causes, Quirky is a rewards-based crowdfunding platform and online community most often used by product inventors and makers, Tilt is the rewards-based crowdfunding solution for groups and communities to pool their dollars and raise money together. *(My note: They didn’t list in Wikipedia, but Kiva.org is another example that crowdfunds for entrepreneurs in poor countries.)*
Crowdsourcing also has the potential to be a problem-solving mechanism for government and nonprofit use. Urban and transit planning are prime areas for crowdsourcing. One project to test crowdsourcing’s public participation process for transit planning in Salt Lake City was carried out from 2008 to 2009, funded by a U.S. Federal Transit Administration grant.

Additionally, crowdsourcing from 100 million drivers is being used by INRIX to collect users’ driving times to provide better GPS routing and real-time traffic updates.