



CROWDSOURCING INITIATIVE FOR SMEs IN SOCIAL MEDIA

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Abstract

One of the reasons why small and medium-sized enterprises (SMEs) are embracing new business processes is to compensate for the deficiencies of alternative internal resources, which is feasible via crowdsourcing practices. By leveraging the crowdsourced business model of outside-in business processes, SMEs may have access to external-to-internal crowdsourcing resources. This business approach may be portrayed as a potential benefit to small and medium-sized enterprises (SMEs) confronted with declining levels of product or business innovation that cannot be overcome with SMEs' limited skills and resources. Furthermore, crowdsourcing approaches may bridge the gap between enterprises seeking external expertise and people or organizations holding relevant information and knowledge. As a result, the purpose of this study is to explore the crowdsourcing model as a social media-enabled ideal marketing activity for small and medium-sized enterprises. This study

is intended to resolve the challenges that SMEs may have to overcome business constraints. Future studies may investigate the impact of crowdsourcing capability, knowledge capability, and new product development.

Keywords: Crowdsourcing, Crowdsolver, Crowdseeker, SMEs, Social Media

INTRODUCTION

Nowadays, a growing number of firms rely on collective intelligence and smart cost management to stay competitive in the global business environment. The emergence of digital channels such as social media platforms has facilitated enterprises to implement their business plans. For instance, crowdsourcing on social media enables enterprises to pool collective resources from people with different backgrounds of experience, skills, and expertise in a range of fields (Lee et al., 2015).

Crowdsourcing signifies the process of outsourcing to many individuals (Maiolini & Naggi, 2011). It is also the practice of outsourcing formerly employee-performed tasks and shifts to crowdsolvers through open calls (Howe, 2006).

Crowdseekers are enterprises or institutions that provide tasks to crowdsolvers, such as individuals, formal or informal groups, or other companies, to undertake tasks that are publicized in the form of open calls, and crowdsolvers will get incentives after completing tasks and fulfilling the crowdseekers' criteria (Blohm, Leimeister & Krcmar, 2013). Crowdsourcing enables enterprises to resolve their problems, generate new ideas for innovation, and accomplish work in an effective and efficient manner. These activities are enabled through social media platforms.

Although scholars and practitioners have paid considerable attention to the idea of crowdsourcing, its applicability is limited, particularly for SME enterprises. Many of the newly-introduced crowdsourcing platforms aim to encourage small and medium-sized enterprises (SMEs) to employ crowdsourcing methods to increase income and achieve commercial success in the digital economy. SMEs may use digital platforms to inform their business operations and create new ideas for enterprise innovation. SME's could use the crowdsourcing for a variety of activities such as packaging, marketing, new product development, product design, advertising and promotion, and the generation of new ideas.

The purpose of this study is to explore how small and medium-sized enterprises (SMEs) can use crowdsourcing on social media, especially in marketing fields.

LITERATURE REVIEW

Small and Medium-Sized Enterprises (SMEs)

SMEs are small-to medium-sized enterprises with a limited number of employees that do not operate on a large scale like multinational corporations. There are several methods for identifying SMEs. One method is to evaluate the company's employee count. Another way to figure out if a company is an SME is to look at its annual revenue. SMEs may alternatively be defined as firms with fewer than a particular number of workers. SMEs sectors include construction, manufacturing, retail commerce, agriculture, forestry, fishing, hunting, mining, quarrying, and oil and gas production.

Small and medium-sized enterprises will need to undergo fundamental transformations in order to compete in a world of increased connectivity, new markets, and continually evolving technology. Such transformations include different sorts of business models, products, market entry strategies, and the use of technology to compete with more established companies.

Research indicates that the country's competitiveness will grow as the number of small and medium-sized enterprises (SMEs) rises (Halilovic, 2020). The same survey reveals that technological advancements provide SMEs with more opportunities than challenges. Small-and medium-sized enterprises must improve their efficiency, foster the development of new products, and discover new consumers. Ironically, small and medium-sized enterprises expect to adopt technology at a limited rate. The most common issue encountered while implementing technological advancements is a lack of resources . The lack of financial resources is not the primary barrier to adopting new technologies. Another key resource that small business owners require is time. Most of the time is required to learn new knowledge, skills, and deal with challenges posed by adopting new technology.

Knowledge has a major role in the adoption of change for a business, and as a consequence, the likelihood of adopting new technologies differs significantly between new and established companies. Small companies are more likely to adopt new technologies when they perceive tangible benefits for both current business and future growth. These considerations do not imply that business owners do not perceive the benefits and value of implementing marketing technology. Most SMEs understand that digitization is fundamental for future business growth but more than that, it demonstrates the lack of knowledge of business owners on how to use the technology.

SMEs and Social Media

There are several applications for information and communication technology. Among these, social media is regarded as one of the critical parts of information and communication technology

with a significant influence on business. However, several studies in a worldwide context demonstrate the benefits of social media for SME business growth. By utilizing social media channels (Aral et al., 2013), consumers may readily connect with new products, services, and brands. SMEs may use social media to get feedback from customers in order to build their brand.

Social media will be used by SMEs if they believe it is less expensive, easier to use, and compatible. The use of social media in business has resulted in the development of new business models such as social commerce. This medium is commonly viewed as a manner of providing facilities for individuals to participate in online activities through social media for marketing possibilities, comparing selling and purchasing concerns in order to make the best selection (Stephen & Toubia, 2010).

Social media is commonly recognized as bridging the gap between SMEs and prospective customers (Culnan, McHugh, & Zubilaga, 2010). Social media marketing refers to the company's strategy for continuing its commercial operations via social media (Shareef et al., 2019). SME's are viewed as a significant source of employment generation. They provide a source of livelihood for people in low-and middle-income countries across the world.

Small and medium-sized enterprises are regarded as efficient poverty-reduction agents. Nationally and regionally, the success of small and medium-sized enterprises (SMEs) is crucial to the country's overall growth. In this situation, effective measures for the growth of small and medium-sized enterprises are meaningful. Consoli (2012) and Chung et al. (2017) assert that the use of information and communication technology is an effective tool for enhancing the performance of small and medium-sized enterprises. The significance of social media to business activities has been addressed. Utilizing social media platforms is advantageous for SMES in several ways. Even though attempts to explore this platform's potential for enhancing managerial performance have been fruitless (Rathore, Ilavarasan, & Dwivedi, 2016).

Crowdsourcing

In his definition, Brabham (2011) underlines that the firm will manage the crowdsourcing process and select the outcome. Crowdsourcing is therefore a top-down controlled procedure. The crowdsolver and the initiator will, however, share authority since crowdsourcing will not yield results unless the crowdsolver contributes knowledge, skills, or ideas (Aitamurto, 2015).

Crowdsourcing may help both firms and their consumers. The initiative could give companies access to ideas, inventions, information, and external knowledge, which could then be leveraged to create value (Aitamurto et al., 2011; Estellés-Arolas et al., 2012; Sloane, 2011).

Crowdsourcing is more beneficial if the task can be handled at a lower cost than it is typically completed internally and if the resultant concept or solution is superior and more in line

with consumer needs (Whitla, 2009; Selzer & Mahmoudi, 2012). In common practice, for instance, crowdsourcing may be utilized for collaborative design, research and development, and even branding in the context of new product development (Mladenow et al., 2014). Regardless of the actual value provided, crowdsourcing may provide firms with extra advantages, such as a platform and media to boost consumer interaction and drive marketing communications (Füller et al., 2013).

The most commonly mentioned benefits for crowdsolvers were monetary or reductions in price (Whitla, 2009; Estelles-Arolas & González-Ladrón-de-Chevárrn, 2012). This is also an extrinsic motivation for consumers as crowdsolvers to participate in crowdsourcing activities. Although this reward may be viewed as an extrinsic motive for consumers to join in a crowdsourcing initiative, crowdsolvers may also be motivated by intrinsic factors. Crowdsolvers may participate in crowdsourcing initiatives if they like the task or work, have a desire to contribute knowledge and skills, want social recognition, or aspire to be a part of a community (Mladenow et al., 2014; Kozinets et al., 2008). Finally, they may achieve self-actualization (Sloane, 2011).

Crowdsourcing is a way to organize individual employees by contacting them, providing them with tasks, and evaluating their work output via the use of specific applications (Grier, 2013). Understanding this idea in further depth will reveal that crowdsourcing is a mechanism of using other individuals, called crowdsolvers in this instance, to fulfill tasks supplied by crowdseekers. When crowdseekers request crowdsolvers to participate in a certain task, crowdsolvers will help to complete the task. In exchange for their work, crowdsolvers will earn rewards in the form of money or even something intangible (Grier, 2013).

Crowdsourcing will reveal the degree to which crowdsolvers are competent, knowledgeable, creative, and valuable to enterprises. It is a phenomenon that may be used for a broad range of marketing activities, such as product creation, advertising, promotion, and market research. Given that the context has been correctly articulated and the crowdseekers have specified the desired outcomes, the most suitable crowdsourcing model may be chosen and the desired criteria can be satisfied (Whitla, 2009). Saxton et al. (2013) note that a crowdsourcing model for business can be created by combining three components: the crowd, outsourcing, and social media.

Using Crowdsourcing for Marketing Activities

Prior to beginning product and service development of a business, it is essential to define the sorts of tasks for which crowdsourcing is most applicable. According to the list published by Vukovic (2009), there are five primary tasks in which crowdsourcing may be

implemented: product management, distribution management, communications management, market surveys, and content marketing. Crowdmart has shown its reliability as a resource for product creation and testing. This sort of action is an innovative process (Qin et al., 2009, 2016).

Crowdmart is a marketing tool and distribution channel for consumer products. The production of designs, booklets, and posters would be considered a kind of distribution management in this instance. It has also been shown that providing rewards for the most effective ideas would yield the most valuable outcomes. Crowdsourcing enables companies to assign a variety of communication duties to consumers. Most of the company's communication is handled through its main website, email marketing, social media, and search engine optimization efforts (Taiminen, 2015).

Crowdsourcing enables firms to solicit public comments and views. However, involvement and quality assurance must be prioritized. In marketing research, crowdsourcing provides the ability to reach a larger population of prospective consumers. To keep the respondent's interest and engagement, an element of incentive or gamification is required. However, in many cases, it may be a cheaper and quicker way to gather market information. Crowdsourcing is often utilized in content marketing. Companies may use brand fans to crowdsource brand marketing (Marsden, 2009). By having users create content instead of hiring agencies to do it, businesses can save money and often improve their marketing by outsourcing content production to the public.

Contributing Factors to Crowdsourcing Marketing Activities

Effective crowdsourcing systems need helpful supporting features. It is proven by emphasizing why it is crucial to maintain contact with the public (crowdmart). To create trust, it is essential to pay attention to what is stated and respond appropriately while always having an open and empathic attitude (Dowson & Bynghal, 2011). A crowdsourcing-based platform founded on a huge pool of crowdsolvers is essential. The platform's usefulness, however, as a crowdsourcing tool, will be severely constrained if it contains a significant number of crowdsolvers who are not professionals and may not be able to deliver adequate solutions.

Marketing initiatives that rely on crowdsourcing require project management skills. Someone or a team must be accountable for overseeing the whole process in order to accomplish desirable outcomes. This endeavor needs the appropriate project management tools. An effective crowdsourcing system should have quality control. Therefore, in order to achieve the intended objectives, the firm must choose the most qualified person or group to manage the project's implementation. It's similar to launching a new project, in which case quality assurance procedures are essential for any crowdsourcing system. Dowson and Bynghal

(2011) underline that the final product must also be of high quality and meet the needs of all the companies involved.

SMEs' barriers to crowdsourcing adoption

Small and medium-sized enterprises (SMEs) face considerable obstacles characterized by a lack of resources, knowledge, confidence, and strategic experience. Nowadays, companies must choose what and how these issues are resolved via crowdsourcing initiatives. Several factors have contributed to the widespread acceptance of crowdsourcing, including lower costs and higher productivity. However, it is still not optimum. There are some obstacles that impede firms from integrating crowdsourcing into their regular tasks. Lack of understanding of the virtual resources available to Smes is one of the most significant challenges.

The existence of crowdsourcing has been recognized by small and medium-sized enterprises. Ironically, though, they have not adopted it. This is due to the fact that this sector as a whole has a low degree of knowledge. Qin et al. (2009, 2016) emphasize that small and medium-sized enterprises (SMEs) do not completely comprehend how the system works or the many apps and platforms available to satisfy their requirements.

Literature indicates that the extensive usage of digital marketing tools reveals common issues, such as a lack of expertise on how to practically use these resources. Many companies cannot decide on a single platform that meets all of their distinct requirements (Qin et al., 2009). Similarly, few business owners with managerial responsibilities comprehend the potential benefits of online communities. They lack the foresight and enthusiasm necessary to seize the available chances.

This issue is primarily attributable to insufficient crowdsourcing assistance for product innovation and task design (Verzijl et al., 2014; Maiolini & Naggi, 2011). The lack of support is not the only issue. SMEs commonly lack a strategic or long-term perspective when determining which tasks to crowdsource and why to crowdsource (Tran, Hasan, & Park, 2012; Zhao & Zhu, 2014).

Another typical problem linked with crowdsourcing is the challenge of changing business culture. This barrier is really important since it has ramifications for the management of human resources, which is growing as the number of employees increases dramatically. Occasionally, it also requires regulating the quantity of chosen solutions that may emerge (Evans et al., 2016).

In particular, the research demonstrates that companies that appreciate the usefulness of crowdsourcing (for creative objectives such as addressing internal challenges) also recognize the need to modify their company's attitude. SME's will get external benefits such as new customers by depending on networks across the environment. A similar principle may be

employed when seeking external resources to address internal issues for which a lack of internal resources can be compensated (Qin et al., 2009, 2016).

The problem of trust between the firm seeking a solution (crowdseeker) and the masses (crowdmarket) who will offer it is an additional facet of crowdsourcing that demands consideration. It is essential for a firm to establish credibility, but there must also be mutual trust for a relationship to succeed. Crowdmartets must have confidence in the projects in which they will participate. To achieve success, it is essential to establish responsibilities and have a comprehensive grasp of the value that must be produced. The fourth concern refers to the management process as a whole and the needed resources to attain the desired outcomes. Each step of solving an issue may demand a unique set of skills. The existing platform lacks the resources required to build a viable solution to the issue (Qin et al., 2009, 2016).

CONCLUSION

Crowdsourcing is a potential alternative for small and medium-sized enterprises (SMEs) to collaborate on significant projects with other SMEs or large businesses. Crowdsourcing makes it simple for firms to transition from competitive to collaborative interdependence. On the other side, crowdsourcing may lower the company's risk, such as the company's dependency on the service provider. As a combination of distinct human competencies, the capability to integrate and exploit corporate and individual systems controlling inter-company connections may be effectively applied to crowdsourcing. Adopting an open innovation paradigm by lowering internal interdependencies and limits in research and development is an additional possibility for SMEs. Within the context of crowdsourcing, the innovation process is an incremental process, emphasizing gradual, daily progress. Using crowdsourcing, small and medium-sized enterprises (SMEs) may participate in innovative initiatives with complementary approaches and gradually acquire new skills. Future studies may set new directions and potential to explore the correlation among SME's crowdsourcing capability, new product development, and knowledge integration capability.

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