To Hide or Not to Hide? An Empirical Study on the Effect of Firm Identity on the Dynamics of Crowdsourcing

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Abstract: Whether or not to hide the identity of the solution seekers in a crowdsourcing contest has been one of the common questions faced by crowdsourcing platform managers. On one hand, to avoid competitors obtaining strategic information about the firm, solution seekers may request to hide their identity (e.g. the company name and the product) throughout the contest. On the other hand, the literature suggests that solvers are largely driven by the recognition of the seekers. The recognition may be more valuable to the solvers if they know the identity of the seekers. This research aimed to study how disclosing the seekers’ identity plays a role in changing the dynamics of a crowdsourcing community. This paper shows that when the seeker discloses her identity, the solvers will put more effort into creating new solutions but at the same time, they will make less effort to improve the quality of their solutions, which results in a small reduction in the overall solution quality. Finally, we further show that a seeker is likely to obtain a quality solution by disclosing their identity to the crowd when she has a higher reputation. These findings provide several implications for crowdsourcing platforms.