

HR7402 – Advance Human Resource Management and Information Systems

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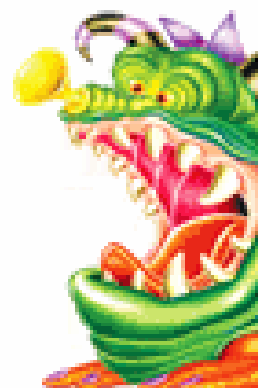
Presented to:

Dr. Donna Schaeffer

APPROVED

Monster.com and Information Systems, a Case Analysis

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This paper is written about human resource management with the perspective of information management and systems. Information technology (IT) has changed the human resource (HR) management in the organizations. The HR department what used to be call as cash cow for the organizations has become so much used to of information technology that now it's known as efficient and effective. For example Cisco Systems has cut its time to fill the vacant position from one hundred thirteen days to forty five days. (Page eleven, 1st paragraph in this paper for source and further explanation of Cisco Systems).

More and more firms are depending on the IT to fill their open positions, no matter of what kind and what level. Small organizations like northern California based office supply store known as Copy Central post all of its jobs online at their own web site. Interested candidates can apply for jobs online and then response from copy central is sent to them by email.

For my research and analysis purposes I have completed my paper on the king of online Human Resource Management known as Monster.com. I have analyzed the Monster.com from very deep detail, explained its operations, its way of keeping the competitive edge in the market and finally its SWOT analysis just to ensure this emerging model of HR would maintain its strategic position in the market.

Monster.com that has caused the HR firms disappear from the industry or helped the organizations to cut its staff in the HR departments is the pioneer and most specialized company in disruptive technologies. Its continuous innovation in the industry has made it the most famous and most visited site in the industry.

Case Analysis for Monster .com

A. Situation Analysis

1. Nature of Demand

Social or psychological factors that influence buyers in this market:

The popularity of the WWW skyrocketed. Today, there are over 120 million people online in the U.S. The Internet rapidly expanded from a solely academic entity to a new selling channel for business interactions and transactions.

As organizations became more technically focused, it became increasingly difficult to find qualified applicants within their area as the shortage of labor expands.

The flexibility of labor force increase dramatically helps the staffing forms' business seeking the qualified candidates for employers. More and more staffing firms go to Internet for hiring.

Companies and their human resource departments were faced with a challenge. How could they find the most qualified applicants quickly and cost effectively? The answer: the Internet.

Steps buyers take to arrive at their first-trial and repeat-buying decisions:

The HR manager agrees "virtually all of those who respond to the online ads tend to be highly educated, well trained and perfectly comfortable with computers and online services—a set of skills that's becoming crucial in the 1990's." ¹ The Internet medium intrinsically attracts many technical specialists, particularly those with hardware, software, and networking skills.

Of course, electronic recruiting has won the praise of many human resource professionals, for making their job easier, more efficient in time and cost, and because it is their contribution to the company's success.

Organizations who were recruiting without the aid of recruiting firms found them spending a considerable amount of money on newspaper ads, college campus visits.

- What significantly different kinds of buyers can be distinguished in your market?

All the buyers will be the HR managers or company management team from different industries, such as banking, engineering, IT, healthcare, financing and so on even the government.

¹."Catch the wave as HR goes online..." Personnel Journal, © 1995 Information Access Company, © 1995 ACC Communications Inc. Vol. 74, #7, p.54. July 1995.

2. Extent of Demand

- What is the approximate unit (in units or dollars) of the market?

The core Electronic Recruiting Segment has surpassed nearly \$7.5 Billion during 2001 that did not even exist six years ago. Meanwhile the overall Human Capital Management Industry is headed towards a \$60 Billion dollar year in 2005.²

- What growth trends exist?

Still in its infancy, the electronic recruiting industry has enlarged its scope and direction over the past year. The industry is blurring the distinctions between traditional staffing companies, newspapers and enterprise software providers.

Alumni Network, hybrid systems, referral programs, job boards in a box, recruiting gateways, labor exchanges, retention initiatives, talent markets and other new categories moved into the limelight this year. There was a concurrent explosion of trade shows, training offerings, and publications that catered to the new offerings and the emerging marketplace. Electronic Recruiting is transforming a variety of traditional industries. In some ways, it may be better to begin referring to the industry as The Human Capital marketplace.

². An annual interbiznet™ Report from the 2001 Electronic Recruiting Index, Dec.1, 2000

- Do any important sub-markets exist?

There are as many as 2500 websites that serve to place candidates in job vacancies, as well as career consulting and help with resume and cover letter writing.³ These sites are combinations of traditional headhunting firms, commercial job boards, Usenet/newsgroups, and corporate job listings.

Traditional recruiting companies may be the important sub-market. Permanent placement firms generated revenues of \$11 billion, while the temporary help industry generated over \$40 Billion in revenues in 1996.⁴

3. Nature of Competition

- How many competitors, both present and potential exist?

As mentioned previously, there are over 25,00 sites with career resources. However, several sites remain more recognizable than others due to self-marketing, and tend to be among the most commonly used. The sites most often mentioned by HR professionals and e-recruiting surveys

³. As of Dec. 1999, Brean Murray Institutional Research Report, Dec.2, 1999

⁴. Staffing Industry Report from staffingindustry.com

This paper is written for class discussion by Ijaz Qureshi, Doctorate in Information System student for HR7402 class at Argosy University Business School. Ijaz can be reached by Email: IjazQureshi@cal.berkeley.edu ©Ijaz A. Qureshi

Include: <http://www.monster.com/>, <http://www.careerpath.com/>, <http://www.careermosaic.com/>,
<http://www.hotjobs.com/>, <http://www.headhunter.net/>, <http://www.careerbuilder.com/>,
<http://www.jobtrak.com/>, <http://www.joboptions.com/>(formerly E-Span), and the Online Career Center at <http://www.occ.com/>. Along with relatively similar pricing structures, these sites have similar database search functions and resume submittal processes that create value for the job seeker and the hiring company, through services such as job matching.

Traditional recruiting companies that jumped into online services are perhaps the potential competitors, which they put them in the best position to accommodate those specialties, because of the depth of their experience and knowledge; they will be able to best match candidates with jobs.

Big corporations like Bank Of America, Citi Corp etc has job opportunities icon at their sites that provide an overview of the current openings to the visitors. If this trend continues, all small and big firms would have the opportunity to find the candidate from their own web sites in the long run.

- *What are their shares of the market?*

Internet recruiting is accomplished through several methods: corporate web sites (6%), Usenet groups (33%), and Job Boards (61%), accounting for nearly 28.7 millions job listings.⁵

⁵. Online Lexis-Nexis and InfoTrak Databases

- *What special strengths or weaknesses do they have?*

Weaknesses and strengths:

The websites do not differentiate themselves into a niche market; in other words, they supply services to all industries, while there are multitudes of career services from organizations and associations in specific industries. In some respects, these sites do not have to differentiate themselves, since companies will often purchase online advertising on several boards because of such low costs. And each job board has equal access to potential candidates through the use of search engines, online and offline advertising. Nonetheless, there are techniques some career services use to target various segments of workers.

But some industry specific job sites are enjoying growth as well. Popular industry sites include the following:

- <http://www.americanbanker.com/> Banking executives
- <http://www.nationjob.com/financia> Financial Services
- <http://www.showbizjobs.com/> Entertainment Industry
- <http://www.healthopps.com/> Healthcare Industry
- <http://www.salesengineer.com/> Engineering Industry
- <http://www.hotjobs.com> All kinds of jobs

Weaknesses:

HR staff needs to be knowledgeable of or trained in new technological tools to utilize online techniques, may not effectively reach the "right" candidates, results may be too many or too few, and a dissatisfied candidate can reach many people online very quickly.

Online market is still a new industry with no specific dictionary to explain the meaning of daily used terms, no standardize control, high risk of loosing confidential information and in fact chances of hacking the sites still exist.

4. Marketing Environment

What important trends exist?

- *Demographic*

1. "Number of people in the U.S with Internet Access expected to rise from 80 million to 120 million in 2000⁶".
2. Population is living longer and expected to work for more years/

- *Economic*

1. "U.S job market grew at a compound annual growth rate of 12% from 1990 to 1997".⁷
2. US job market has evolved and now the average number of job changes per career is about seven.

⁶ Jupiter Communications, Wall Street Journal, December 6, 1999

⁷ Harvard Business School – Monster.com August 11, 2000

- **Legal**

1. Due to reduction of number of workers able to retire at 65. There may be a need for more anti-age discrimination laws for older workers.

- **Political**

1. Social Security is not a given for future workers and it is not expected to keep pace with the cost of living.

- **Technological**

1. “The percentage of fortune 500 companies actively recruiting online was expected to show an even more impressive increase over the same time period, from an estimated 17% in 1998 to a projected 70% by the end of 2000”⁸
2. “In 1998, several major newspapers, including the *San Jose Mercury News*, and the *Dallas Morning News*, showed year-over-year declines in recruitment classified advertising of 9.2% and 3.5 % respectively”, despite a robust U.S. economy.”⁹

⁸ Daniel Eisenberg, “We’re for Hire , Just click,”Time Magazine, August 16, 1999

⁹ Harvard Business School – Monster.com August 11, 2000 pg 4

3. “Companies such as Cisco, the manufacturer of computer networks, had used the Internet to recruit employees and had demonstrated its effectiveness: two-thirds of Cisco’s new hires originated from the Internet and the company had shaved its time to fill an open position to 45 days from 113 days three years earlier.”¹⁰

5. Product Life Cycle

- Is the product in or about to enter the new, emerging, mature, or declining stage?

1. “I believe Monster.com is currently in the emerging stage of the product life cycle. They have experienced dramatic growth since 1993 when they were founded to 2000.” Monster is the clear leader among the estimated 25,000 active job sites, with 50% share of the online recruitment advertising market. Since 1996 Monsters.coms revenue had increased almost twenty fold from \$6.9 million to 133.5 million in 1999”.¹¹

2. The number of internet users is still climbing and the internet has become the emerging technology in our society. There is still considerable room for growth.

¹⁰ Harvard Business School – Monster.com August 11, 2000 pg 4

¹¹ As of December 1999, Brean Murray Institutional Research Report , December 2, 1999

6 Distribution Structure

- Through what supply channels does your product reach its buyers?

The supply channel by which Monster .com reaches its buyers is the internet. The buyers are the employers who pay a fee for placing their job adds on the monster.com web site. (The job seekers submit their resumes and on-line applications to the employer's job listings)

“Monster.com also continued to build its brand internationally with Monster sites in eight countries outside the U.S. and planned to enter eleven other countries in 2000”¹²

- Who has access and control of the channels needed?

No one owns the internet in the United States. Any one can establish a web site and Monster.com has its own Web site. Monster.com is the strategic partner for AOL.com the nations leading Internet Service Provider for the next four years.

- Do present or potential conflicts exist in these channels?

1. “Monster. Com is the ranked the 82nd most visited site on the web – was substantially greater than that of its three nearest competitors, Career Mosaic.com, Hotjobs.com, and Careerpath.com.

¹² As of December 1999, Brean Murray Institutional Research Report , December 2, 1999

2. I don't believe there are significant potential conflicts in the AOL.

7. Organizational Skills/Capabilities

- What experience does the organization have in?

A. Marketing,

1. 2000 Super bowl 30 second advertising "When I grow up" I want a dead end job
2. Jeff Taylor founder of the company started out in college as the advertising of his college newspaper. Started a business while in school offering "freshman survival Kits". Taylor spent two years working as a recruiter focused on filling technical positions for a high-tech company. In May 1989 with six investors he started ADION a niche-advertising agency that concentrated on high-tech clients.

B. Production,

See Marketing

C. Distribution

Jeff Taylor got on the Internet bandwagon early on in 1993 and in 1994 his company

Developed the Monster Board, which was web site number 454 on the WWW. The web is the distribution media.

D. What access to financial resources is available?

Monsters.com's revenue had increased almost twenty fold from \$6.9 million to 133.5 million in 1999.

B. SWOT Analysis:

Strengths:

1. High brand awareness: No. 1 branding company, which has well organized company structure including management and technology.
2. Huge Database: Big customer database and broad representative in other countries.
3. Financial Stability: TMP WORLD Monster's parents company has an operating income of \$ 1, 851.7 from different source and \$ 151.6 was pulled from Internetⁱ.
4. Global Presence: Monster has a global online presence with its own staff based in UK, Australia, Canada, Netherlands, France, Singapore, New Zealand and Belgium. However, in addition Monster's parents company has 25 locations outside the US and maintained strategic relationship with 24 other agencies throughout the world.

5. Only Monster at AOL: The four year contract with AOL to be the only career provider at their site provides Monster the opportunity to attract millions of AOL users without any competition.

Opportunities:

1. Monster's Sub sites: Monster has the opportunity to control the niche job placement area by launching its sub sites such as Casino.com, and for all the other industries.
2. Global Branding: Monster has the opportunity to globalize its brand by opening up more sites and actual presence in the emerging markets.
3. Quality and Quantity: Monster has a quality database with vast quantity. Millions of visitors looking for a desiring job.
4. Merger and Accusation: Monster needs to acquire more small sites in the local markets to be a true global online leader.
5. Big Corporations and Monster: Monster needs to make long term contract with the multinational corporations to be their only recruiter. It's possible due to Monster's current market share and its global success.
6. Marketing Conventions: Monster needs to develop seminars for small businesses in the local convention centers where they can be informed about the advantages and simplicity of modern age's information system. Monster's way of recruiting is not only cost effective but very convenient too.
7. Longer Contract with AOL: The current contract with AOL is for four years. Monster's this contract has opened the opportunity to be an exclusive job search site for over twenty million AOL users.

Threats:

1. Threats could include erosion of market share by new or existing Online job boards serving specialized niche markets like healthcare companies,
2. If AOL were to terminate their strategic partnership with Monster.com and pick up another product, that could deliver substantial new business and market share to the competitors.
3. Economy downturn, hiring frozen, layoffs.
4. New Technology enabling direct connection between employees and employers
5. Coalescence of competitors.
6. Apply Tax to on-line business, if it happens soon then the business can go through serious financial difficulties.

Weakness:

1. Dependence on internet technology, software and hardware validity.
2. Coverage limits: Can't reach people who have no on-line access.
3. No face to face communication, so customers may change their way of doing business in the long run.

C. Evaluation of Alternative Strategies

Strategies	Disadvantages	Advantages
1. Niche job placement sites	Going with more focus has the risk losing uncovered customer.	Increase the value of each niche market and satisfy the specific group of peoples.
2. Build its brand Globally	Require more resources and money, having the risk of failure in the economic downturn.	Entering in to new markets keep the competitors away, sets up good infrastructure for increasing market share.
3. Merger and Accusation	Spend heavily which makes it hard to make profit in short term, a	Become the industry leader; increase the customer awareness

	<p>firm with bad reputation may not survive in the long run.</p> <p>All dot com is the example of this.</p>	<p>and generate more sales opportunities.</p>
<p>4. Alliance With Big Corporations</p>	<p>Looking at the current crisis in the financial consulting firms it is hard to decide about the real financial strengths and weaknesses of big corporations.</p>	<p>The long-term relationship with the big corporations provides financial stability and growth opportunity.</p>
<p>5. Information Assets</p>	<p>Too much information, it's too costly to handle and manage it efficiently and effectively.</p>	<p>Its good to have so much information because for IT firm information is the biggest asset.</p>

D. Decision/Recommendations for Action

We pick strategy number 1.

The first thing we did is to use the marketing tools to do market analysis, seeking the increasing points for what purposes customer really want to use the internet to fulfill their personal and business needs.

After careful research and studying the Monster's papers we recommended that company should focus on the Niche Job Placement Sites due to the followings:

- Launch more sub-sites separate industries, like Monster Gardening, Monster Accounting, Monster Teaching, Monster Architect, and Monster Sports and so on.
- This would provide the opportunity to be more seriously focused on each industry and be the leader in those segments of the market.
- By launching sub-sites Monster can analyze the performance of each industry and if one area is not performing well special efforts can be made to improve it.
- By having the sub-sites makes it easier for the visitors to find what they are looking for in a very short time and to move to the next industry if suitable job is not available in one area of the site.
- It helps the employers to look at the current job listings by the competitors in order to be competitive when offering the benefits to the job seekers.

- Maintenance, improvement and re-launching of sub-sites would be easier than having the one giant site.
- In the high-tech environment there is always the risk of system being fail, site may be hacked or system difficulty due to any natural cause, so having more sites running from different servers and at different locations minimize this risk.
- It helps to divert the online traffic and keep the load balancing approach active on the servers. It would also minimize the chance of system down time, because one sub-site down would not keep all the other users waiting for the system to be up and running.

This is the end of our recommendations.
