

Driving Distributors' Satisfaction in Multilevel Marketing (MLM) Companies

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Abstract

The purpose of this study is to identify the major factors that will influence the satisfaction of distributors towards multilevel marketing (MLM) companies in Malaysia. The five antecedents investigated are: up-line support, methods of diffusing business opportunity, perceived quality of recruiting process, perceived quality of training program and perception of products/services. A proposed conceptual framework that serves as the foundation in this research is adopted from Delgado (2000), with the inclusion of an additional independent variable, perception of products and services (Osei, Katsner, & Narteh, 2014). Results from the study indicate that among the five factors, only the perceived quality of training program has no significant impact on distributors' satisfaction. Method of diffusing business opportunity, perceived quality of recruiting process, up-line support and perception on products/services are shown to have positive impact on distributors' satisfaction.

Keywords: Multilevel marketing (MLM), distributors' satisfaction, Malaysia

Introduction

Multilevel marketing (MLM), or better known as direct selling or network marketing, generally refers to the practice whereby products and services are sold by an agent or distributor to individual consumers through homes, offices and other non-retail stores (Brodie, Albaum, Chen, Garcia, Kennedy, Msweli-Mbanga ... Wotruba, 2004). For their effort, distributors are rewarded through incentive schemes offered by the MLM companies. They are also paid for recruiting other people as distributors, who then duplicates his/her work to sell the products or services to others (Coughlan & Grayson, 1998).

To qualify as a distributor of a MLM company, an individual is required to purchase an initial start-up package. They are not employees of the company, and thus do not receive a fixed salary and benefits. They are completely independent and earn only from reward plans and successful recruitment (Taylor, 2012). When he/she recruits another distributor, then the new recruit becomes the down-line while the recruiter becomes the up-line in the same network. Together, their performance is measured by product purchases and recruitments that generate the volume for their network. A distributor is paid in accordance to the personal volume achieved as well as the group volume contributed by his/her network (Keep & Nat, 2014).

The MLM business model has been very successful over the past few decades. In the 1990s, it was considered to be the one of most successful type of business (Dyer, 2001). Due to its stellar success, criminals took advantage of the MLM business model to create fraudulent schemes like Ponzi schemes, and “get-rich-quick” schemes (Nat & Keep, 2002). Most of them operate on relentless recruitment and not with product sales. These illegal companies attract recruits by over-claiming on lucrative income and perpetual reward (Keep & Nat, 2014), but actually function by shifting funds collected from new recruits to the top of the pyramid (Nat & Keep, 2002). As a result, the bad publicity made people skeptical of MLM companies and unwilling to take the risk of becoming distributors despite the high returns.

Since MLM companies need their existing distributors to recruit new distributors in order to grow the business, ensuring their satisfaction is necessary to motivate them to be successful. While there is a wide literature on employee satisfaction, studies on independent agents such as distributors in MLM companies are very limited. Since distributors are not salaried workers, the factors that affect their satisfaction are likely to be different. Thus, the main objective of this study is to investigate the antecedents of MLM distributors’ satisfaction.

Literature Review

Review of Relevant Theoretical Models

The theoretical model on the impact of recruiting and training practices on distributors’ satisfaction and success in network marketing was developed by Delgado (2000) after an extensive review of the literature, indicating that they are relevant to job satisfaction and level of success in MLM companies. His primary objective was to investigate the effect of recruiting and training practices as an indication of the turnover of participants in MLM companies.

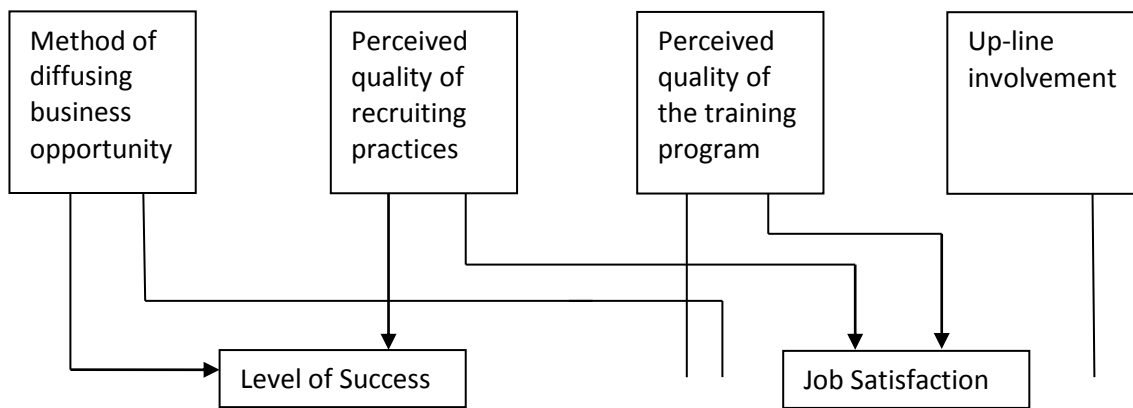


Figure 1: Model of the impact of recruiting and training practices on satisfaction and success in network marketing's distribution channel

The satisfaction and level of success of the participants in MLM companies are influenced by four factors comprising of the method of diffusing business opportunity, perceived quality of recruiting practices, perceived quality of training program, and up-line involvement.

Distributors' satisfaction towards MLM companies

The distributor is a direct seller or independent business proprietor who acts as the frontline sales force for a MLM company. As they are not contractual employees, the company will not terminate them even if they fail to achieve the envisioned target since they are responsible for their own income or incentives (Kiyosaki, 2007). As a result, it is very important for MLM companies to engage their distributors in ways that can satisfy them so that they will work harder to achieve the firms' objectives.

According to Comer, Machleit and Lagace's (1989) study (as cited in Msweli-Mbanga, 2001), the satisfaction of a distributor is determined by seven aspects: distributor's attitude towards the job, workmate, supervisors, company policy and support, remuneration, and customers. Generally, the higher the performance of the distributor and members in his network, the greater the satisfaction will be to the respective distributor. Distributor satisfaction affects the willingness of the distributor to work in the MLM company. Individuals tend to seek ways to maximize the optimum benefit for his self-interest (Adagbon, 2007). Constant satisfaction over a matter will further encourage the interaction that prolongs the enjoyment, and the individual will remain with the organization. Enhanced devotion to the organization and accomplishment will lessen the turnover intention of a distributor (Msweli & Sargeant, 2001). On the other hand, Msweli-Mbanga (2001) found that the distributor who has accomplished good

performance in his network has lower satisfaction. This may be due to the pressure and profit scheme offered by the MLM company. MLM companies must have a balance measurement to generate sales and stimulate network growth (Coughlan & Grayson, 1998).

Method of diffusing business opportunity

Ponzi or pyramid scheme have been misleading the public on its exaggerated returns and falsely portraying the company image. The bad publicity from such con schemes makes the job of a legal, proper distributor difficult, in selling the MLM products and recruiting prospects as distributors.

To rectify this issue, MLM companies have to diffuse the right business opportunity to people. Typically, it is the financial freedom offered by MLM companies to the average person (Kiyosaki, 2007). Word-of-mouth is the best method acceptable to people without suspicion (Delgado, 2000). Normally, the information diffused comes from an opinion leader among friends or relatives (Delgado, 2000). The source is reliable and credible to the prospects. Such method of spreading the advantages of taking up a distributorship is likely to make the distributor satisfied with the work and the company:

H1 The better the method of diffusing business opportunity by the multilevel marketing company, the better will the distributor's satisfaction be.

Perceived quality of recruitment process

A distributor will have to maintain the relationship with both the sponsored 'up-line' and recruited 'down-line' (Koroth & Sarada, 2012). The success and satisfaction of an individual distributor comes from the cooperation and socialization among the members within the networks (Sparks & Schenk, 2006). Distributors who qualify as recruiters must be trained by the organization so that he/she is able to convince and recruit the prospect (Delgado, 2000). Accordingly, from Delgado's (2000) literature review, the interview process and quality of the interviewer are very crucial in getting a successful recruitment. Often, prospects turn down the distributor's offer, and the frequency is significant. Some distributors abuse their relationship with people they know to build their network. Koroth and Sarada's (2012) study findings revealed that many respondents participated in MLM companies due to the pressure from an acquaintance who is a distributor. Therefore, it is uncertain whether or not the recruited distributors are satisfied with the process of recruitment and how it subsequently affects them:

H2 The better the perceived quality of recruitment process in multilevel marketing company, the better will the distributor's satisfaction be.

Perceived quality of training program

MLM industry is a very dynamic business. It is very sensitive to the changes and movement in the market. Thus, distributors must be trained and equipped with knowledge and skill. It will help them to be more convincing and skilful when dealing with the sales or marketing of the business opportunity and product/service (Delgado, 2000). Sometimes, it might be an issue for too many part time distributors who do not have any sense of belonging or loyalty to the company. Thus, it is essential for a MLM company to strategize the training content in order to boost up the missing elements of distributor (Korothe & Sarada, 2012).

It is proven that trainings, meetings and mentoring programs that are organized by MLM company could help the distributor to attain successful result (Bacon, 2009). If the distributor is well trained by the company, it will somehow guarantee on the success rate of this distributor in growing his network. He will be more convincing in recruiting prospects and get closer to his desired outcome. The profit plan and incentive have very minimal or no impact to justify if the distributor is satisfied in that company. Relatively, MLM companies should improvise the training and mentoring program to further motivate the distributor (Korothe & Sarada, 2012). Distributors who were highly motivated and satisfied will tend to vow themselves to the business.

Recognition and commendation to one's effort is being appreciated (Miekina, 2012). Usually, MLM companies will have their very grand annual recognition event to motivate the distributor for the contribution over a year. This might be another supporting effort to recognized one's success.

H3 The better the perceived quality of training program offered by the multilevel marketing company, the better will the distributor's satisfaction be.

Perception of products and services

The products and services of a company represent the corporate identity and reputation (Osei et al., 2014). Value for money products from trusted source, and sufficient information are perceived favorably by consumers (Joshi, 2014). Chen and Cheng (1999) argued that the MLM focus is no longer on its glorious image, but rather on more pragmatic considerations – which is to invent more innovative and quality products. They found that the distributor will feel much easier to convince the prospect with the product innovation rather than simply focusing on the profit plan.

Generally, the sales volume from a MLM company does not come only from the distributor. It also includes the sales to end users or non-distributors (Coughlan, 2012). An end user is normally the potential distributor as he might be fascinated by the product characteristics. Therefore, products that are perceived to be attractive seem to be able to satisfy and retain distributors as well as the consumers.

H4 The better the perception of products and services offered by the multilevel marketing company, the better will the distributor's satisfaction be.

Up-line support

From the MLM perspective, an up-line is the distributor who recruits another distributor to join the business. The recruited distributor becomes the down-line of the first distributor. Besides the financial incentives provided by the MLM company, other forms of motivation is also important. Generally, the non-monetary form of motivation in MLM industry comes from the buyer-seller relationship (Coughlan & Grayson, 1998). Good relationships promote greater ties among each other in the network to move towards individual and group goal.

The relationship between an up-line distributor and his down-line is very important. Up-line should consistently provide guidelines and support to down-line in order to achieve the potential lucrative financial incentives (Sparks & Schenk., 2006). Moreover, distributors must consistently provide emotional support, information sharing, initiative on social interaction and practical assistance to his customer as well as down-line (Chang, Chen, & Su, 2014). An up-line should also ensure the consistency of the activities and relevant planning to assist the growth of the down-line. Hence, it is expected that up-line support will contribute to MLM distributors' satisfaction:

H5 The better the up-line support from the multilevel marketing company, the better will the distributor's satisfaction be.

The Proposed Conceptual Framework

The model below shows the proposed conceptual framework that serves as the foundation to study the multi-level marketing company in Malaysia. This model is adopted from the theoretical model previously developed by Delgado (2000), with the inclusion of an additional independent variable, perception of products and services (Osei et al., 2014). This framework is developed based on the research objective and research question of this study.

In this framework, distributor satisfaction is the dependent variable. There are five independent variables including methods of diffusing business opportunity, perceived quality of recruiting process, perceived quality of training program, up-line support and perception on products/services.

The proposed conceptual framework aims to identify the expected relationship between the independent and dependent variables, which have been discussed with the specific hypotheses in the preceding sections.

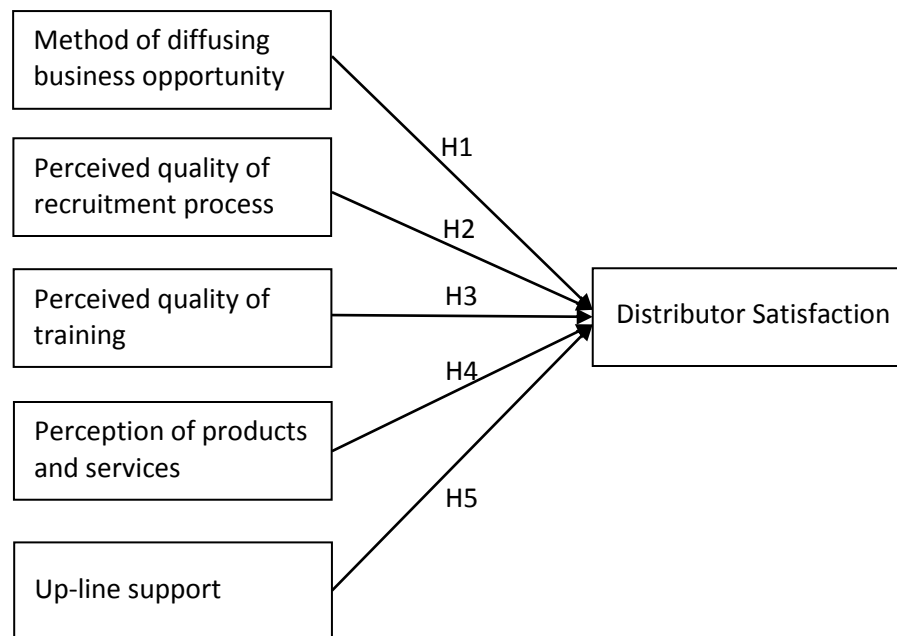


Figure 2: Proposed Conceptual Framework

Methodology

Data was collected through a survey questionnaire, which was developed in English from existing measures previously developed by Delgado (2000) and Osei et al. (2014). Five of the constructs were taken from Delgado (2000) i.e. methods of diffusing business opportunity, perceived quality of recruiting process, perceived quality of training program, up-line support, and distributor satisfaction while perception on products/services has been adopted from Osei et al. (2014). The questions were translated into Malay and Chinese languages to enable better understanding among the multi-racial respondents. Pre-test was conducted using 20 leaders and top management of MLM companies in Klang Valley, with the highest population and income in Malaysia. As the pre-test did not indicate any misunderstanding of the questions posed, samples were then recruited from distributors of a prominent MLM company with its headquarters in Kuala Lumpur. In total, 320 questionnaires were distributed through the

internet and physical paper form. At the end of the survey period, 216 distributors replied representing a response rate of 67.5%. All questionnaires were checked and found to be fit for analysis. The respondents indicated their level of agreement with each statement on a five-point Likert scale anchored by (1) Strongly Agree to (5) Strongly Disagree.

Data analysis and results

Descriptive Statistics

Table 1 displays the profile of the respondents. Out of the total 216 responses received, 36.1% and 63.9% were males and females respectively. Most of the respondents were between 31 and 35 years old (30.6%), followed by the 36-40 years old group (22.2%). The youngest grouping made up 25.5% (21-30 years old) while the most senior group accounted for 21.8% (41-60 years old) of the total respondents. Most of the respondents had received a tertiary education (81.5%). Only 18.5% had received up to secondary or vocational school education. As for marital status, majority were married (60.6%) while 34.7% were single, and 4.6% divorced.

In terms of monthly income from their current MLM business, majority of the respondents earned between RM1,000 and RM10,000, with an almost equal split between RM1,000 – RM5,000 (30.6%) and RM5,001-RM10,000 (29.6%). Those making more than RM10,000 per month made up 9.7%. Similarly, 9.7% earned between RM501-RM1,000 per month while 20.4% made the least income of RM500 and below.

Table 1: Characteristics of the respondents

	Frequency	Percent
Gender (n = 216)		
Male	78	36.1
Female	138	63.9
Age		
21-25	17	7.9
26-30	38	17.6
31-35	66	30.6
36-40	48	22.2
41-50	33	15.3
51-60	14	6.5
Highest level of educational attainment		
Secondary/vocational school	40	18.5
Undergraduate degree	65	30.1
Graduate degree	52	24.1
Professional degree	59	27.3
Marital status		
Single	75	34.7
Married	131	60.6
Divorced	10	4.6
Monthly income generated from MLM		
RM500 and below	44	20.4
RM501- RM1,000	21	9.7
RM1,001 – RM5,000	66	30.6
RM5,001 – RM10,000	64	29.6
Above RM10,000	21	9.7

Scale Reliability

The data was analyzed using Smart PLS 2.0. As shown in Table 2, there is good internal consistency of the measured items as the value of Cronbach’s alpha is above 0.70 for all factors except for Distributor Satisfaction with a coefficient of 0.676. Nevertheless, it is close to 0.70, and considered acceptable. All figures are well above the minimum threshold of 0.5 (Nunnally, 1978).

Table 2: Reliability Statistics

Measures	Number of items	Cronbach's alpha
Method of diffusing business opportunity	2	0.769
Perceived quality of recruitment process	3	0.776
Perceived quality of training	2	0.761
Perception of products and services	3	0.783
Up-line support	2	0.857
Distributor satisfaction	2	0.676

Measurement Model Evaluation

The research model and its hypotheses were tested using structural equation modeling (SEM), specifically with partial least squares (PLS). PLS is a multivariate technique suitable for testing structural models (Wold, 1985), and estimates the model parameters that minimize the residual variance of the whole model's dependent variable(s). It does not require the data to be normal, and is recommended for small samples (Chin, 1998).

First, the data was screened for cross loadings. As a result, 28 indicators were reduced to 14 indicators leaving four constructs with two indicators each. Please see Table 3 for details. Nevertheless, the model improved substantially. The parsimonious model accounted for 71.4 per cent of the variance explained in the dependent variable, Distributor Satisfaction. Composite reliabilities range between 0.80 and 0.90 indicating satisfactory internal consistency of the indicators (Nunnally & Bernstein, 1994) for all factors except for Up-line Support with a score of 0.931, which is slightly higher than 0.90. Nevertheless, it is still acceptable since the corresponding Cronbach's alpha is 0.857.

Next, the model was tested for convergent and discriminant validity. Convergent validity is measured by the average variance extracted (AVE), with an acceptable threshold being higher than 0.50 (Fornell & Larcker, 1981). As shown in Table 3, the AVE scores obtained for all of the constructs are above the minimum desirable value supporting convergent validity of the constructs' indicators. To confirm discriminant validity, the AVE square root must be higher than the correlation between the constructs (Fornell & Larcker, 1981). From Table 4, it can be seen that the off-diagonal values are lower than the AVE square root along the diagonal, hence establishing adequate discriminant validity of the measurements.

Table 3: Reliability and convergent validity of the constructs

	Loadings	Indicator reliability	Composite reliability	AVE
Method of diffusing business opportunity (Bizopp)				
<ul style="list-style-type: none"> In my opinion, the existing rules and procedures of this multi-level marketing organization make the distributor's job easier 	0.891	0.794	0.896	0.812
<ul style="list-style-type: none"> I am satisfied with the opportunity for advancement in this multi-level marketing business 	0.911	0.830		
Perceived quality of recruitment process (Qualrec)				
<ul style="list-style-type: none"> I felt comfortable with the way the person who originally talked to me about this multi-level marketing company 	0.620	0.384	0.872	0.701
<ul style="list-style-type: none"> I feel very good about recruiting friends, relatives, neighbours, and co-workers 	0.932	0.867		
<ul style="list-style-type: none"> It has been real good with me recruiting friends, relatives, neighbours, and co-workers 	0.922	0.850		
Perceived quality of training (Qualtr)				
<ul style="list-style-type: none"> In my opinion, the trainers were well prepared for the training 	0.944	0.891	0.888	0.798
<ul style="list-style-type: none"> I think the training addressed the important issues related to my job as a distributor in multi-level marketing 	0.840	0.706		
Perception of products and services (Perprsv)				
<ul style="list-style-type: none"> This company has a channel for consumer feedback and response. 	0.841	0.707	0.873	0.697
<ul style="list-style-type: none"> This company is able to provide the complete information on its product/service 	0.873	0.762		
<ul style="list-style-type: none"> This company provides a speedy response to your feedback and complaints 	0.788	0.621		
Up-line support (Upline)				
<ul style="list-style-type: none"> I think that my up-line is competent in the job he/she is doing. 	0.907	0.823	0.931	0.871
<ul style="list-style-type: none"> My up-line always shows interest in the concerns and needs of his/her down-line. 	0.959	0.920		
Distributor satisfaction (Dsat)				
<ul style="list-style-type: none"> This multi-level marketing company always shows interest in the concerns and needs of the distributors 	0.858	0.736	0.860	0.755
<ul style="list-style-type: none"> I feel my job as a multi-level marketing distributor is enjoyable 	0.880	0.774		

Table 4: Discriminant validity of the constructs

	1	2	3	4	5	6
1. Method of diffusing business opportunity	0.901					
2. Perceived quality of recruitment process	0.483	0.837				
3. Perceived quality of training	0.688	0.537	0.893			
4. Perception of products and services	0.514	0.512	0.524	0.835		
5. Up-line support	0.269	0.183	0.394	0.388	0.933	
6. Distributor satisfaction	0.670	0.615	0.556	0.741	0.413	0.869

PLS analysis was conducted to test the hypotheses. The regression parameters are based on a bootstrapping of 300 samples, facilitating the computation of Student’s t-test for each hypothesis. Table 5 shows the results of the PLS structural model. All relationships are significant at the $p < 0.01$ level except for the relationship between Perceived Quality of Training and Distributor Satisfaction. Therefore, the findings provide support for four of the hypotheses. The main predictors for distributor satisfaction, in order of importance are: perception of products and services, business opportunity, perceived quality of recruiting process, followed lastly by up-line support.

Table 5: Summary of test results using partial least squares

Hypothesis	Path	Standardized path coefficient	t-value	Probability	Supported?
H1	Bizopp → Dsat	0.368	7.606	< 0.01	Yes
H2	Qualrec → Dsat	0.253	5.128	< 0.01	Yes
H3	Qualtr → Dsat	-0.114	1.923	< 0.10	No
H4	Perprsv → Dsat	0.424	6.169	< 0.01	Yes
H5	Upline → Dsat	0.148	3.082	< 0.01	Yes

Discussion

Relationship between the method of diffusing business opportunity and distributor satisfaction in multilevel marketing company.

This study confirmed that method of diffusing business opportunity is important to justify distributors’ satisfaction. Providing a pleasant first impression is always essential. It is also implied the first sales pitch to a prospect is extremely important. It is a critical point if the pitch is strong enough to attract to the prospect. The sales pitch must also carry the appropriate weight of the opportunity offered by the MLM companies.

Due to the illegal issues of the bad apple in the industry, prospects might be skeptical when being approach by MLM companies. The issues from pyramid scheme and Ponzi schemes

remain unsolved. The exaggerated income claim and statement are the killing point that turned people away. High initial investment with promise of income return sounds not practical and suspicious. Distributors may need to be competent enough to be equipped with the appropriate information to cater to the prospect queries. Most of the time, MLM company's background and credibility will be a selling point to gain trust from the public. The publicity and social responsibilities activities of the company will be a credited through media advocacy and word-of-mouth from the public. Thus, distributors have to capitalize the companies' strength and convince the prospect on its current progress and future prospect. It will enhance the confidence level of the prospect.

Relationship between perceived quality of recruitment process and distributor satisfaction in multilevel marketing company.

The result showed that the perceived quality of recruiting process impacted distributors' satisfaction. The attitude of the distributor when sharing the business opportunity is very important. Prospect might be turned away if they have negative impression of the distributor. Therefore, the art of speech and interpersonal skill are important in this context.

Also, most of the beginners in the MLM industry will start the business sharing with their acquaintances. The one who is closest to the beginner distributor will always tolerate the little mistake that he or she made. The distributor might feel more comfortable when the opportunity to share about the business was done by the acquaintances. Normally, people will feel uneasy and doubtful when strangers try to convince them over an "unbelievable" opportunity. Most of the time it will sound too good to be true.

Relationship between perceived quality of training program and distributor satisfaction in multilevel marketing company.

It is always believed that training is very important in MLM companies. It is a norm that distributors' in MLM companies have to attend as many training as possible to enhance their skills. Distributors' may also feel more confident when they attend motivation talks and knowledge based trainings. This is rather common perception in conventional MLM industries.

However, the study found a non-significant relationship between perceived quality of training program and distributor satisfaction. The main reason might be due to the fact that about half of the respondents do not depend on MLM income for their livelihood. Although 52% of the respondent's income was derived from the MLM business, the other 48% of respondents had other sources of income. Some of the respondents might have other sources of income such as from stocks, properties and other businesses. Therefore, they might not have the time to attend some of the training programs required by the MLM companies. Although many MLM companies conduct trainings during weekend but it may also affect the family-day for some individuals.

Apart from that, some distributors' might be attracted by the product/service of a MLM company. Due to the variety and uniqueness of the product/service, these distributors might purchase these products even before prior knowledge of the product (Kustin & Jones, 1995). As mentioned earlier, word-of-mouth is the most effective tool to promote a product (Delgado, 2000). Thus, the person who has received positive recommendation from other people on the efficacy of the product might not be keen to attend the training program. The casual sharing or home party in any unplanned occasion may help the distributor in selling or recruiting. It might eliminate the feeling of distrust. The outcome might be more encouraging compared to persuading the prospect to attend the formal training.

As a conclusion, distributors may feel dissatisfied if the training program is not well organized by the company. It is implied that the quality of the training programs did not justify the satisfaction of distributors. Despite the non-significant relationship, it does not mean that the training program is not important. MLM companies are still required to have relevant training to transmit information to their distributors.

Relationship between perception of products/services and distributor satisfaction in multilevel marketing company.

In this study, the perception of product/service has an impact on distributors' satisfaction. It is always a mission for MLM companies to develop a product which "can speak" for the company. The majority of the products in MLM companies are not available in the mass market. This is the competitive advantage of the MLM system. Even if the similar product is available, MLM companies will offer the particular product with additional incentives to their members. The company will also reward the distributors who managed to convince customers to purchase the product. This type of bold innovation is hardly found in the retail industry. The main advertisements for retailers have always been through expensive channels such as television, newspapers, magazines and so on. Due to the expensive air time and advertisement space, the structure or the message usually will be short and simple, easily understandable by the target customers. MLM firms on the other hand, have their distributors as the core 'channel' of information dissemination. Interpersonal communication is the method which distributors always used to convince and educate the prospect. Although it might not reach mass target audience at a time, each communication take place will be a quality one with greater return. MLM companies always develop wholesome unique features products. These products are not commonly found anywhere. Consumers are always demanding and in need of products or services that have unique features, high quality and innovative. This is how a product could 'speak' for the company.

Relationship between up-line support and distributor satisfaction in multilevel marketing company.

Up-line support is also a significant contributor towards distributors' satisfaction. There are many MLM companies that are competing with each other to capture the market share. These companies, as an up-line to all distributors, are responsible to develop the business with a profitable plan and structured system. The company's management team, as representative, should take full responsibility to guide and support the distributors in building up the business. Distributors, as the spokesperson of the company, as an up-line to their down-lines should be able to deliver the appropriate message that help to grow their team. With the given resources from the company, up-line should be able to manage their own teams (network). Up-line has to ensure that down-line will duplicate the system to the rest of the people in the network.

As an up-line, be it direct or few levels up, he/she is responsible to the down-line affairs. Apparently, up-line reward is paid by the overriding on the down-line recruitment and performance. Therefore, the support and guidance are required to be handed to down-line whenever necessary. Everyone in the same network need to work closely in order to grow the business. The network in a MLM business environment is believed to be a number game. The more people in the network, the greater the strength of the business growth. If everyone in the network is duplicating the system, *ceteris paribus*, the network will grow bigger and everyone in the system will mutually benefitted from the growth of the business. If distributors are paid well, the ties between up-line and down-line will be stronger.

Some of the distributors will customize their trainings which are designed specifically for their own network. It will always help to create stronger ties within their networks. If there are any issues, the leader in the network will represent the group to discuss with the company. The relationship between the up-line and down-line will be more harmonious and problems will be easily solved within the manageable condition.

Conclusion

This study investigated the antecedents that might impact the distributors' satisfaction in multilevel marketing companies. Among the five factors, only the perceived quality of training program had no significant impact on distributors' satisfaction. Method of diffusing business opportunity, perceived quality of recruiting process, up-line support and perception on products/services positively impacted distributors' satisfaction.

In view of that, MLM companies should capitalize on this outcome to improve on their respective areas of business wherever necessary. First of all, MLM companies should focus on the product development. Distributors usually start up a topic with their customers on the use

of the company's products, be it a product sharing or testimony. It is highly unlikely that distributors will start the sales pitch by introducing the reward scheme/profit plan first. This is to avoid frightening the prospect with unnecessary image of MLM companies. Therefore, sourcing and developing excellent products in MLM companies are important. It is a tool to pull in the prospects with the idea of retaining the customers in the company.

Other than this, MLM companies should actively provide information updates and provide relevant training programs to enhance distributor's competitiveness. A competent distributor will be a role model to his/her down-line. The tactic and skill of recruitment, business opportunity sharing and support for the down-line are powerful methods to excel in this industry. All distributors are encouraged to duplicate the system to their down-lines in order to enjoy constant financial freedom as propagated by many MLM companies.

There are several limitations in this study. Caution must be exercised as to the generalizability of the findings since the survey was carried out with samples drawn from one MLM company only. Future research could include more MLM companies so that perhaps a comparison could be made between different firms which may have different practices. It is also recommended that future studies examine the suitability of the proposed model for other types of direct selling businesses such as unit trust funds and insurance. In addition, the influence of demographic variables as moderating or mediating variables may be examined in the future to give better explanation and understanding of MLM companies' distributors' satisfaction.

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